

A HISTORICAL OUTLINE OF KURI COMPANIES AND ITS IMPACT ON THE SOCIO-ECONOMIC TRANSFORMATION OF TRICHUR (1891-1975)

Thesis
submitted to the University of Calicut
for the award of the Degree of
DOCTOR OF PHILOSOPHY IN HISTORY

VALSA M. A.



P.G. & RESEARCH DEPARTMENT OF HISTORY
P.S.M.O. COLLEGE, TIRURANGADI
Affiliated to University of Calicut
MAY 2019

CERTIFICATE

This is to certify that the dissertation entitled **A HISTORICAL OUTLINE OF KURI COMPANIES AND ITS IMPACT ON THE SOCIO-ECONOMIC TRANSFORMATION OF TRICHUR (1891-1975)**, submitted to the University of Calicut in partial fulfilment of the requirements for the degree of **Doctor of Philosophy in History**, is a bona fide work carried out by **Valsa. M. A.**, under my guidance and supervision. Neither the dissertation nor any part of it has been submitted for the award of any degree, diploma or title before.

Tirurangadi
15. 05. 2019

Dr. P.P. Abdul Razak
Associate Professor (Retd.)
P.G & Research Department of History
PSMO College, Tirurangadi

DECLARATION

I, **Valsa. M. A.**, do hereby declare that the dissertation entitled **A HISTORICAL OUTLINE OF KURI COMPANIES AND ITS IMPACT ON THE SOCIO-ECONOMIC TRANSFORMATION OF TRICHUR (1891-1975)**, submitted to the University of Calicut in partial fulfilment of the requirements for the degree of **Doctor of Philosophy in History**, is a bona fide work done by me under the guidance of **Dr. P.P. Abdul Razak**, Associate Professor (Retd.), P.G & Research Department of History, PSMO College, Tirurangadi and that I have not submitted it or any part of it for any degree, diploma or title before.

Tirurangadi,

15. 05. 2019

Valsa. M. A

AKNOWLEDGEMENT

I am what I am, by the Grace of God and I have a deep belief, that I can do all things through Him, who strengthens me. I offer my whole hearted gratitude to God Almighty, who provides me with everything that I need. I would like to express my deepest appreciation, to all those who made the possibility, to complete this thesis a reality. I am forever indebted to Dr.P.P.Abdul Razak, my supervisor and guide, an impeccable humanist, whose constant encouragement , suggestions and boundless patience helped me surmount challenges and achieve my goal.

My heartfelt thanks to the former and present Principals and staff of P.S.M.O.College, Tirurangadi and Little Flower College Guruvayoor, for their limitless permission to use all required equipment and the necessary material to complete my work and above all, for their constant support.

Furthermore, I would also like to acknowledge with much appreciation the crucial role of the retired and present staff of History Department, Little Flower College, Guruvayoor, especially, Sr.Beega and my colleagues from Department of English, Dr. Esther Mani, Ms.Silpa Anand, Sr.Angela and Ms.Anitta.S.Cheeran.

I extend my immense gratitude to my Provincial Superior and team, both former and present and my local Superior and Community members for their constant prayers, love and care.

I express my gratitude to the staff in C.H. Muhammed Koya Library at Calicut, C.D.S. at Thiruvananthapuram, Tamil Nadu State Archives at Chennai, Kerala State Archives at Thiruvananthapuram, and Regional Archives at Ernakulam.

I am grateful to the prayerful support of my family members, congregation, and other helping hands.

*Tirurangadi
15/05/2019.*

Valsa.M.A.

CONTENTS

	Page No.
<i>Abbreviation</i>	i
<i>Glossary</i>	ii-iv
<i>List of Tables</i>	v-vi
INTRODUCTION	1-15
Chapter 1	16-46
ORIGIN AND EVOLUTION OF KURI COMPANIES IN KERALA	
Chapter 2	47-88
RISE, GROWTH AND REGULATORY FRAMEWORK OF KURI COMPANIES IN TRICHUR	
Chapter 3	89-117
A COMPARATIVE STUDY OF KURIKKALYANAM/ PANAPPAYATTU WITH KURI COMPANIES	
Chapter 4	118-164
SCHEDULED BANKS IN TRICHUR AND THEIR RELATION WITH KURI COMPANIES	
Chapter 5	165-183
ROLE OF KSFE IN THE ECONOMIC EMPOWERMENT OF TRICHUR	
Chapter 6	184-223
LEGACY OF KURI COMPANIES IN THE SOCIO-CULTURAL TRANSFORMATION OF TRICHUR	
CONCLUSION	224-234
BIBLIOGRAPHY	235-255
APPENDICES	256-260

ABBREVIATIONS

ATMs	-	Automated Teller Machines
CSB	-	Catholic Syrian Bank
DBL	-	Devaswam Board Limited
GDP	-	Gross Domestic Product
HDFC	-	The Housing Development Finance Corporation
HP	-	Hire Purchase
IBM	-	International Business Machines Corporation
IFMR	-	Institute of Financial Management and Research
KIIFB	-	Kerala Infrastructure Investment Fund Board
KSFE	-	Kerala State Financial Enterprises Limited
MNBs	-	Miscellaneous Non-Banking Companies
NBFCs	-	Non Banking Financial Companies
NCAER	-	National Council of Applied Economic Research
NCU	-	National Commission on Urbanization
NPAs	-	Non-Performing Assets
NRI	-	Non Resident Indian
SIB	-	South Indian Bank
RBI	-	Reserve Bank of India
ROSCA	-	Rotating Savings and Credit Associations
RRBs	-	Regional Rural Banks
TNQB	-	Travancore National and Quilon Bank

GLOSSARY

<i>Adiyan</i>	-	A type of tenants.
<i>Angadies</i>	-	Market streets.
<i>Annadana</i>	-	Providing free meals to the devotees from temples at times of celebration as feast.
<i>Arikkuri</i>	-	Rice used as medium of exchange in kuri.
<i>Azhchachantha</i>	-	Weekly market.
<i>Baratte</i>	-	Similar to present day cheque.
<i>Chantha</i>	-	Market.
<i>Chit/Cheettu</i>	-	A piece of paper with the name of subscriber used for taking lot.
<i>Chital</i>	-	subscriber.
<i>Choot</i>	-	Lantern made of dried coconut leaf.
<i>Changathikkuri</i>	-	Chitty/kuri started among friends.
<i>Chayapeedika</i>	-	Tea shop.
<i>Dastawez</i>	-	Loan deeds.
<i>dastawez-e-indultalab</i>	-	Loan deeds payable on demand.
<i>dastawez-e-miadi</i>	-	Loan deeds payable after stipulated date.
<i>Dhanyakkuri</i>	-	Grain used as medium of exchange in kuri from 200 B.C. onwards.
<i>Illam</i>	-	Namboothiri house.
<i>Heelathuriba</i>	-	Collecting interest through tricky way by interpreting different types of Muslim laws.(<i>thantrangalilude palisa</i>)
<i>Hundis</i>	-	Bill of exchange.
<i>Hundika kachavadakkar</i>	-	(here)Tamil Brahmin businessmen engaged in the sale of cloth in Kerala by using bill of exchange.
<i>Hundika swamis</i>	-	Tamil Brahmin money lenders in Kerala.
<i>Karyasthanmar</i>	-	Manager in the house or land of a feudal lord.
<i>Kudam</i>	-	pot.

<i>Kudikidappukar</i>	-	A type of tenants in the land of a feudal Lord.
<i>Kuri</i>	-	the lot.
<i>Kurikkalyanam</i>	-	an indigenous practise of raising money in Malabar to meet the expense especially marriage.
<i>Kurimooppu</i>	-	prize money in the first chance to foreman.
<i>Kurippanam</i>	-	Total money collected at each instalment.
<i>Kutti</i>	-	The borrower in Panappayattu.
<i>Mukkuva kudi</i>	-	The house of a fisherman.
<i>Munnal</i>	-	foreman.
<i>Mana</i>	-	Namboothiri houses in Kerala.
<i>Narukku</i>	-	Ticket or lot.
<i>Nellukuri</i>	-	paddy used as medium of exchange in kuri.
<i>Olais</i>	-	Palm leaves.
<i>Pagoda</i>	-	South Indian gold coin used for foreign trade in the 19 th Century.
<i>Panakkuri</i>	-	money used as medium of exchange in kuri.
<i>Pallikkuri</i>	-	Kuri conducted by church.
<i>Paradesi Brahmins</i>	-	Generally, Brahmins from Tamil Nadu who settled in Kerala.
<i>Parasparasahaya Nidhi</i>	-	Mutual help fund.
<i>Palisarahita Nidhi</i>	-	Interest-free fund.
<i>Panappayattu</i>	-	an indigenous practise of raising money in Malabar to meet the expense especially marriage.
<i>Panam polippicha kali</i>	-	Another name of panappayattu because of double return.
<i>payattu kanakku</i>	-	Account book of panappayattu
<i>Pidiyari</i>	-	A handful of rice collected from every day meal for helping the poor.

<i>Pooval Kuri</i>	-	Three or four instalments of kuri in a year, related to the harvesting periods.
<i>Sala</i>	-	Total capital of a kuri.
<i>Samudayakkuri</i>	-	community Kuri.
<i>Tamil Hundika Pattar</i>	-	Tamil Brahmins engaged in moneylending.
<i>Tamil Pattar</i>	-	Tamil Brahmin.
<i>Tharaku</i>	-	Wholesale vegetable market.
<i>Theyilasalkaram</i>	-	Tea party.
<i>Thura</i>	-	Small locality of a seashore area (kadappuram) in Malabar.
<i>Utsav/am</i>	-	(here) Temple celebrations.
<i>Vivahakkuri</i>	-	The cash gift voluntarily given by the neighbours and relatives of the bride or bridegroom on the eve of marriage.
<i>Variola</i>	-	The document of agreement between the foreman and the subscribers relating to the Chit.
<i>Veethapalisa</i>	-	The share of a subscriber at each instalment of the chit/kuri derived from the discount from the prize money.
<i>Varahan</i>	-	South Indian gold coin used for foreign trade in the nineteenth Century. (1varahan/1 pagoda =36 or 42 fanam/ panam ,1 fanam/panam = 80 kasu)

LIST OF TABLES

Table No.	Title	Page No.
1.1	Illustration on financial Aspects of Lot Chitty/Simple Chit	37
1.2	Illustration of a list of chit schemes	39
1.3	Model of a Chit Fund Operation	41
1.4	Chit Subscription and Dividend Realisation Mechanism	42
2.1	Turnover from Working Chits	67
2.2	The Registered Kuri companies of Trichur till 1975	68
2.3	Leading Foreman in Trichur District as on 31.12.1975	70
2.4	Kuries in Trichur District as on 31-12-1975 (Co-operatives and Others)	71
2.5	A List of Names of ROSCAs in different parts of the world.	82
3.1	Age group of people in panappayattu/ kurikkalyanam programmes	98
3.2	Main reasons which encouraged the people to conduct panappayattu	99
4.1	Taluk-wise Distribution of Registered Factories in The Cochin State In Selected Years	139
4.2	Names of Chits liquidated banking with other Banks	149
4.3	Banks in Kerala during bank nationalisation in 1969	160
4.4	State- wise Distribution of Scheduled Commercial Bank Branches as on 31 March 2006.	161
5.1	The kuries/ chits started by KSFE in Trichur branch in 1970.	168
5.2	District-wise network of KSFE Branches in the State as on 31-03-1970.	174
5.3	The Aggregate Sala and Turnover of running chits / kuries of KSFE, Trichur (in lakhs)	175
5.4	Growth of Chit Business in KSFE from 1970-71 to 1974-75	176
5.5	Statement of Income –KSFE	176
5.6	Assets of KSFE from 1969 to 1975.	177
5.7	Ratio of Current assets and current liabilities of KSFE from 1969-1975.	177

5.8	Progress of the Hire Purchase Division of KSFE from 1970-1975.	178
6.1	No. of subscribers surveyed	191
6.2	The primary motivation to join the chit fund	192
6.3	Economic Role Played by Chit Funds in Trichur District (For Borrowing Purpose)	194
6.4	Advantages of using chits as a borrowing instrument	194
6.5	Census Towns & Out growth in Thrissur District - 2001	217
6.6	Thrissur District - variation in urban content 1971-2001	218

INTRODUCTION

The present study “A historical Outline of Kuri Companies and Its Impact on the Socio-Economic Transformation of Trichur (1891-1975)” deals with the chronological record of the origin and evolution of kuri companies (chit funds) in Kerala, particularly in Trichur. It is quite relevant to observe how the kuri companies helped in the process of evolution and development of scheduled banks in Trichur. The history of banking can be traced back with the first prototype banks which were kuri companies in the district. Here the study focuses how the kuri companies work as agencies to mobilise savings and accelerate financial inclusion. The study also examines how the kuri companies became the effective agents of change bringing social, cultural and economic transfigurations in Trichur.

A kuri company/ chit fund is essentially a saving institution that lack any standardised form based purely on mutual trust and confidence. It is primarily a ‘*sahayanidhi*’ in which people join either to obtain easy credit or to find an avenue for their savings. Chit funds acted as a mode of saving and a source of credit. The membership in kuries is voluntary for a limited number of subscribers for a fixed period of time and with limited liability. Unlike other financial institutions, chit funds are operated without any external resources. They function with the periodical subscription of the members. Channelizing the flow of funds from surplus units to deficit units is the main purpose of these financial institutions. In order to fill the gap between gross capital formation and gross domestic savings in India, it is necessary to promote and strengthen the voluntary domestic savings. It is in this context, that one has to appreciate the role of the Non-Banking Financial Intermediaries(NBFIs) in supplementing the functions of the banking institutions. Miscellaneous Non-Banking Companies (MNBCs) or Chit Funds

being a category of Non-Banking Financial Intermediaries, contribute a significant share in this attempt.

Concept of Kuri/Chit Fund

Kuri/chit fund is a well-known system of saving and borrowing of money through mutual exchange. The term 'Chitty' originated from 'Chit/Cheettu' and 'kuri' coined from 'kurippu'. 'Chit/ Cheettu' means a note written on a small piece of paper and 'kurippu' is its synonym in Malayalam language. It is commonly known as 'Kuri' in Cochin and 'Chit' in Travancore. The 'Kuri' or 'Chit' is a derivative, the root being the 'lot'. Through the lot, one subscriber is selected to receive the prize amount in every instalment. During the eighteenth and nineteenth centuries, kuri companies were the only dependable source for the common man when faced with the need for a large sum of money. The term 'banking' was not familiar to the people of Kerala even in the beginning of the twentieth century. It was quite impossible for an ordinary person to gather a huge amount either for the expense of the marriage of their daughters or for the construction of a house or to invest capital to initiate a new business. The kuri companies helped the society to learn and get acquainted with the practice of sparing a minimum amount from the income and depositing it at regular intervals in chits and thus silently accumulate a large sum through daily, weekly or monthly kuries. If the subscriber comes across a situation where he is in need of a large sum of money before the maturing date of the kuri, he is given the opportunity to auction his deposit and avail of the money. The subscriber can also borrow money from his/her savings earned through kuri instalments, at a time of crucial financial need. It is a kind of rotating savings and credit association system. More clearly chit funds are often microfinance organisations.

Significance of Kuri Companies

Kuri Companies/ Chit funds form an indigenous financial institution engaged in the principal business of managing, conducting and supervising the chit scheme of India. They grew at a time when banking and credit facilities were inadequate and people, in general, had to rely to a great extent on indigenous sources for their economic needs. Both in urban and rural areas, the genuine credit needs of the people were facilitated by kuri companies/chit funds. The main attraction of kuri company/chit fund is the availability of a lump sum amount through lot either for expenditure or for savings. The expenditure may be mostly consumption expenditure, especially on consumer durables or for purposes such as marriages, religious ceremonies or to pay off an old debt and also for acquiring a house or a plot of land.

Kuri companies/Chit funds are the Indian versions of Rotating Savings and Credit Associations (ROSCAs) found across the globe. ROSCAs are groups of individuals who agree to meet for a defined period in order to save and borrow together, a form of combined peer-to-peer banking and peer-to-peer lending. They are the oldest and most dominant savings institutions found in the world and play an important role in the mobilisation of savings in many developing economies.

A kuri company/chit fund is primarily a mutual benefit financial system, borrowing and lending money between their members . The borrowing and lending classes were connected directly by the chit funds and made the transaction smooth and easy. The promoter of the chit fund mobilizes the savings of one group of people and passes them on in turn to the same group of people, who may utilise them either for consumption or investment purposes. Chit funds organised professionally by individuals or institutions, like a firm or company, are in the nature of financial intermediaries. Financial intermediaries gather the savings of the people and

distribute the funds to numerous borrowers, thus affecting the allocation of real resources. This will help the growth of the economy of a country through capital formation.

Statement of the Problem

Chit funds/kuri companies have played a vital role in the history of the economy of Kerala, especially Trichur. Kuri companies have a long history of evolution from grain chit to money chit. Kuri system influenced the day-to-day life of the common people in rural areas much before the emergence of banks. Today, we have *Catholic Syrian Bank*, *South Indian Bank*, and *Dhanalakshmi Bank* as Trichur based scheduled banks. All these began as big kuri companies. Kuri companies have an inevitable role in the everyday life of the common folk. The research problem that I intend to raise is how the simple household kuri companies of central Kerala were transformed into well-established financial institutions. It also examines how far the kuri companies modified the life of the people settled in Trichur.

Objectives of the study

- To attempt a detailed analysis of the kuri System in Trichur.
- To examine the role of kuri system of financing in the economic prosperity of Trichur.
- To analyse the influence of kuri system in bringing social transformation in Trichur.
- To investigate the influence of kuri system in the everyday life of the people of Trichur.
- To focus on the relevance of kuri system in transforming Trichur as the most important banking centre in Kerala.

- To evaluate the role of kuri system in the educational progress of Trichur.

Methodology and Sources

The study is multi-disciplinary and exploratory in nature. Concepts and techniques from various disciplines such as History, Economics, and Sociology have been applied. The descriptive research has met the requirement of the study.

For the study purpose both the primary and secondary data are used. The primary sources were tapped from the Tamil Nadu State Archives at Chennai, Kerala State Archives at Thiruvananthapuram, and the Regional Archives at Calicut and Ernakulum. The official records of the Ernakulum Registrar Office, Sub registrar office at Trichur, and the ledger books and day books of the kuri companies in Trichur that have preserved in their headquarters are the primary sources depended upon. Field work, interviews and surveys were conducted to collect data. Autobiographies and oral materials were also being used for the study. The primary data are quite relevant to the topic of the research study .So the degree of accuracy is high and directly related to the issue of the problem. It can better give a realistic view about the topic under consideration. The secondary sources include multi lingual journals, literary compilations as well as popular Malayalam films based on the subject.Data collected from tertiary source also.

A survey among the subscribers has also been conducted to identify the motivational factors inducing them to join the chits, reasons for the preference pattern in selecting various categories of chit Funds and also to analyse the fund utilisation pattern of chit subscribers.

Tools of Analysis

In order to analyse the data collected, the simple statistical tools such as averages, percentages and ratios have been used. The ‘Scoring and Ranking Method’ has been used to identify the determinants behind the preferences for joining Chit Funds by the subscribers. SWOC Analysis has been used to identify the challenges and opportunities of chit funds in the private sector in comparison to its competitors.

Review of Literature

Though the studies that exclusively deal with the banking sector of Trichur are few in number, the studies that examine the history of banking sector in State, National and International level are umpteen.

Edith Jemima Simcox outlined the evolution, growth, and mode of operation of kuri companies in Kerala in the work *Primitive civilization or Outlines of the History of Ownership in Archaic Communities*.¹ The concept of kuri or chit and its mode of operation are examined in the article “Madhyakeralathile sampathikamekhalaye swadeenikkunna chitty-vyavasayam” written by Baby Mookkan in *Christian Folklore* edited M.V. Vishnu Namboothiri.²

The existence of kuri companies and its growth are dealt with in Padmanabha Menon’s work on *History of Kerala*³, Thomas P.J’s article “Our Economic Heritage”⁴, Krishnan. V’s work *Indigenous Banking in South*

-
1. Sim Cox. E. J., *Primitive Civilizations or Outlines of the History of Ownership in Archaic Communities*, Vol. 1, London, Swan Sonnenschein and Co., 1894, p. 568.
 2. Baby Mookkan, “Madhyakeralathile Sampathikamekhalaye Swadeenikkunna Chittyvyavasayam”, in *Christian Folklore*, M. V. Vishnu Namboothiri(gen. edr), Vol. I, Kannur, Kerala Folklore Academy, November 2004, p. 171.
 3. Padmanabha Menon, K. P., (ed.), *History of Kerala*, Vol. 1, New Delhi, Asian Educational Services, 1982.
 4. Thomas, P. J., “Our Economic Heritage”, *Silver Jubilee Souvenir, Trichur Dharmodayam Company*, 1948, p. 8.

India⁵, C.P.S. Nayar's study *Chit Finance: An Exploratory Study on the Working of Chit Funds*⁶, and Radhakrishnan's work *Nidhis: An Indigenous Financial Institution*⁷. Subbarama Aiyar, in his work *Economic Life in a Malabar Village*, describes the working of 'changati kuri' where 'lot' decides the person to whom the amount is to be paid every month and the person who gets the sum is bound to entertain the members.⁸ Radhakrishnan S. explains the chief peculiarities of kuri companies through *Chit Funds and Finance Corporations*⁹. Itoop M.L in his work *Economic Significance of Chit Funds in Kerala* tries to identify the factors leading to the growth of Chit Funds in Kerala.¹⁰ Sreedhara Menon in his work *Schemes for Starting Chitties under State Auspices* presents the position of the chitty/kuri business in the State of Kerala and traces the need for bringing chitties/kuries under social control.¹¹ The legislation of the kuri companies are described in the article "Economic Implications of the Central Chit Funds Act 1982: An Appraisal" by Mohandas and it evaluates the Central Chit Funds Act 1982.¹² Bala Subramania.V. in his article "The Thriving Chit Fund Business in the South" states that the latest amendments in the Central Chit Fund Act will go a long way in making the

-
5. Krishnan, V., *Indigenous Banking in South India*, Bombay, The Bombay State Co-operative Union, 1959, pp. 130-43.
 6. Nayar C. P. S., *Chit Finance: An Exploratory Study on the Working of Chit Funds*, Bombay, Vora and Co. Publishers Pvt. Ltd., 1973.
 7. Radhakrishnan, S., *Nidhis: An Indigenous Financial Institution*, Madras, IFMR Publications, 1979.
 8. Subbarama, Aiyar S., *Economic Life in a Malabar Village*, Bangalore, The Bangalere Printing and Publishing Co. Ltd., 1925, p. 66.
 9. Radhakrishnan, S., *et al.*, *Chit Funds and Finance Corporations*, Madras, IFMR Publications, 1975, p. 7.
 10. Itoop, M. L., "*Economic Significance of Chit Funds in Kerala*", M Phil Dissertation, Cochin University of Science and Technology, Cochin, 1990.
 11. Sreedharan Menon, K. A., *Schemes for Starting Chitties Under State Auspices*, Thiruvananthapuram, Government of Kerala, 1967, p. 16.
 12. Mohandas, M., "Economic Implications of the Central Chit Funds Act, 1982: An Appraisal", *Prajnan*, Vol. xv, No. I, Pune, NIBM, 1988.

ancient and indigenous financial institution of the chit industry to a more vibrant and healthy business.¹³

The significant part played by the kuri companies as financial intermediaries in savings and capital formation is clearly depicted in a number of studies such as in Gurley and Shaw¹⁴, McKinnon¹⁵, Patrick¹⁶, Warren F. Lee¹⁷, Arnaldo Mauri¹⁸, Bouman¹⁹, Dale Adams²⁰, C.P.S. Nayar²¹, Alvin Prakash²², Binu Dominic²³, and Prabhu Ghate²⁴. These works clearly establish the fact that, savings and capital formation are enhanced with the development of financial intermediation. It is argued that informal finance is

13. Bala Subramania V., "The Thriving Chit Fund Business in the South", *The Economic Times*, Mumbai, May, 2002, p. 11.

14. Gurley and Shaw, "Financial Structure and Economic Development", *Economic Development and Cultural Change*, Vol. 15, No. 3, 1967.

15. Mc Kinnon, R J., *Money and Capital in Economic Development*, Washington, Washington Brooking Institution, 1971, p. 117.

16. Patrick, H. T., "Financial Development and Economic Growth", (ed.) *Rural Financial Market in Developing Countries*, London, The John Hopkins University Press, 1983, p. 50.

17. Warren, F. Lee, "*The Role of Financial Intermediaries in the Activities of Rural Firms And Households*", USA, The Ohio State University, 1968.

18. Arnaldo, Mauri, "A Policy to Mobilise Rural Savings in Developing Countries", *Savings And Development*, No. 1, 1977, pp. 14-25.

19. Bouman, F. J. A., "Indigenous Savings and Credit Societies in the Developing World: A Message", *Savings and Development*, No. 4, 1977, pp. 181-214.

20. Dale W. Adams, "Mobilising Household Savings through Rural Financial Markets", *Economic Development and Cultural Change*, Vol. 26, No. 3, 1978, pp. 547-60.

21. Nayar C. P. S., *Finance Corporations: A Study of Unregulated Banks*, Madras, IFMR Publication, 1982.

22. Alvin Prakash B., "Private Financing Firms in Kerala: A Study", *Economic and Political Weekly*, XIX, No. 50, December -15, 1984.

23. Binu Dominic, *Urban Informal Credit Markets: Structure, Dynamics and Intermediation*, Ph. D Dissertation, Mahatma Gandhi University, Kottayam, 2000.

24. Prabhu Ghate, *Informal Finance Some Findings From Asia*, Asian Development Bank, Oxford, Oxford University Press, 1992, pp. 44-83.

often conducted more efficiently than formal finance in terms of loan processing, supply of small and short-term loans, and effective loan recovery.

The role and importance of chits are surveyed through many works and articles. 'Report on the Survey of Household Savings and Investments in Kerala 1977-78' by State Planning Board, Trivandrum, shows that the peculiarity of household savings has been the popularity of the chit fund schemes in Kerala.²⁵ Nayar, in his two articles, "A Study on Non-Banking Financial Intermediaries"²⁶, and "Can a Traditional Financial Technology Co-exist with Modern Financial Technologies? The Indian Experience"²⁷ points out that chit fund is a unique non-banking financial intermediary in South India. Joseph M A., in his study *Chit Schemes: Relevance and Scope as Savings/Investment Alternatives* evaluates various savings/investment schemes available in comparison to the chit schemes.²⁸ Radhakrishnan, in his paper "Chit Fund: A Poor Man's Credit Institution" argues that chit funds and 'nidhis' have to be reformed for the further economic growth of the country.²⁹ G.K. Rajendran strives to provide a brief description of the evolution of credit in Kerala, the different practices and the institutions concerned, since the

25. 'Report on the Survey of Household Savings and Investments in Kerala 1977-78' Trivandrum , State Planning Board,1978.

26. Nayar, C. P. S., "A study on Non- Banking Financial Intermediaries", *IFMR*, RHJ Publication, 1984, Chapters 1 and 7, pp. 1-24, 177-81.

27. Nayar, C. P. S., "Can a Traditional Finance Technology Co-exist with Modern Financial Technologies: The Indian Experience", *Savings and Development*, Fin Africa, Quarterly Review, No. I, 1986, pp. 31-58.

28. Joseph, M. A., "*Chit Schemes: Relevance and Scope as Savings/Investment Alternatives*", M. Phil. Dissertation, Cochin University of Science and Technology, Cochin, 1992.

29. Radhakrishnan, S., "*Chit Fund: A Poor Man's Credit Institution*". Seminar on Economic Liberalisation and Chit Fund, Delhi Chit Funds Association, New Delhi, Chamber of Commerce and Industry, April, 1995.

beginning of the nineteenth century through his work *Rural Credit Management*.³⁰

The kuri companies/chit funds in the Global Scenario are described by eminent scholars such as F.J.A. Bauman, Leonardo TcRuindjo, and Indira Raja Raman. In his study, F.J.A. Bouman points out the peculiarities of ROSCAs all over the world and establishes the fact that kuries are Indian ROSCAs.³¹ Leonard TcRuindjo in his article “The Evolution of an Informal Financial Institution: The Rotating Savings and Credit Associations in Cameroon” shows how the Rotating Savings and Credit Associations mobilise resources are similar to the kuri companies.³² Indira Raja Raman, in her article “The Role of ROSCAs” has tried to explain Rotating Savings and Credit Associations and their similarities with Chit Funds in India.³³ World Development Report has presented ‘ROSCA’ as a popular form of informal finance in a number of countries, which intermediates in the most basic way.³⁴

The kuri companies in Trichur, its origin and development are examined in the works of Puthezhathu Raman Menon,³⁵ M.A. Oommen,³⁶ and

30. Rajendran, G. K ., *Rural Credit Market*, New Delhi, Anmol Publication, 1997.

31. Bouman. F. J. A., 1977, *op cit.*, pp. 181-214.

32. Leonard TcRuindjo., “*The Evolution of An Informal Financial Institution: The Rotating Savings and Credit Associations in Cameroon*”, African Review of Money Finance and Banking, 1999.

33. Indira Rajaraman, “*The Role of ROSCAs*”, Seminar on Economic Liberalisation and Chit Funds, New Delhi, Delhi Chit Funds Association, Chamber of Commerce and Industry, April, 1995.

34. World Development Report, “*Issues in Informal Finance*”, Oxford, Oxford University Press, 1989, p. 114.

35. Puthezhathu Raman Menon., *Sakthan Thampuran*, Mathrubhumi, Kozhikode, vol. III, 1989, pp. 108-115; *Thrissur-Trichur*, Madras, Silpi publications, 1974, pp. 22-105.

36. M. A. Oommen, Rise and Growth of Banking in Kerala, *Social Scientist*, Vol. 5, No. 3, Oct. 1976, pp. 24-46.

P.P. Varghese.³⁷ Puthethathu Raman Menon gives a detailed account about Sakthan Thampuran and his administrative measures in *Sakthan Thampuran*. His work *Thrissur-Trichur* also provides a detailed account on Trichur and the role played by Sakthan Thampuran in modernising it. The *Dharmmodayam Company Silver Jubilee Souvenir* and *Golden Jubilee Souvenir* examine the origin and development of Dharmmodayam Company in Trichur and its welfare measures.³⁸ *Silver Jubilee Souvenir of The Kshemavilasam Banking Company Ltd.* points out the origin and functions of *Kshemavilasam Kuri Company*.³⁹ *Vidyalaya Charithranveshanam* edited by P.S. Manoj Kumar & Sheeba George is a best example for the educational endeavour made under the initiative of kuri companies in Trichur.⁴⁰ M.K. Das and Thomas E.M., analyse some of the reasons that led to the emergence of Trichur as a banking centre in their work *A Southern Odyssey: The Story of South Indian Bank*.⁴¹ *Golden Jubilee Souvenir of South Indian Bank*,⁴² *Golden Jubilee Souvenir of Catholic Syrian Bank*,⁴³ and *Golden Jubilee Souvenir of Dhanalakshmi Bank*⁴⁴ provide ample evidence for the origin, growth and development of these banks in Trichur and their role in the transformation of Trichur. Sallyamma Job, in her study *A study of Chit Finance in Kerala with special emphasis on Kerala State Financial Enterprises Ltd.* examines the

37. P. P. Varghese, *Role of Chit Funds in mobilising small savings and financing economic development in Kerala with special reference to Trichur District*, Ph. D thesis, University of Calicut, 1976.

38. *Silver Jubilee Souvenir of Dharmmodayam Company Trichur*, Trichur, 1946.

39. *Silver Jubilee Souvenir of The Kshemavilasam Banking Company Ltd.*, Trichur, 1954.

40. Sheeba George and Manoj Kumar. P. S., (eds.), *Vidyalaya Charithranveshanam*, Trichur, Thrissur Jilla Panchayath, vol. I, 2007, pp. 25-102.

41. M. K. Das and Thomas E. M., *A Southern Odyssey: The Story of South Indian Bank*, Darpan-An imprint of prism books pvt. Ltd., 2014.

42. *Golden Jubilee Souvenir of South Indian Bank*, Trichur, 1980.

43. *Navathi Souvenir of Catholic Syrian Bank Trichur*, Trichur, 2010, pp. 19-29.

44. *Golden Jubilee Souvenir of Dhanalakshmi Bank*, Trichur, 1977, pp. 1-4.

origin, evolution, growth and regulations of kuri companies in Kerala and the efficient working of the Kerala State Financial Enterprise with its head office at Trichur.⁴⁵ *Golden Jubilee Souvenir of Trichur Nagarasabha* contains the articles of Puthezhathu Raman Menon, A.A. Baby, Joseph Mundassery, V. Karunakaran, and others which are related to the topic.⁴⁶ *Piravi-2006* delineates the origin and growth of kuri companies, trade and commerce, culture, film industry, etc. of Trichur through a number of articles.⁴⁷ *Samskarika Charithrarekha-Trichur Corporation* also examines the history of Trichur town, its banks, trade, and commerce through a number of articles.⁴⁸

Although there are a lot of works available on the different aspects of kuri companies, its impact on the socio-economic transformation of Trichur remains a virgin area to be examined. Present study is an attempt to fill that lacuna.

The study spans over a period of eight decades from 1891 to 1975. The logic behind the choice of this time frame is that it was in 1891 that the Lourdes Church Trichur initiated its kuri company, one which turned out to be a model for all later kuri firms. The Chaldean Syrian Church was already running a kuri company in 1830's. However this did not last long due to internal strife. The year 1975 was also similarly crucial to the history of kuri companies in Kerala because it was in this year that the Government of Kerala passed the Kerala Chitties Act of 1975 which imposed restrictions on

45. Sallyamma Job, "*A study of Chit Finance in Kerala with special emphasis on Kerala State Financial Enterprises Ltd.* ", Ph. D thesis, Cochin University of Science and Technology, Cochin, 2003.

46. *Golden Jubilee Souvenir of Trichur Nagarasabha*, Trichur, 2006, pp. 49-61

47. Rajagopalan, C. R., (Chief ed.), *Piravi-2006: Keralapiravi 50th Anniversary Souvenir*, Trichur, Keralapiravi 50th Committee, 2006, pp. 237-240, 285-287.

48. *Samskarika Charithrarekha*, Trichur, Trichur Corporation, 2006, pp. 11-75

the functioning of kuri companies in Kerala. This Act forced all the then existing kuri companies in Kerala to go out of state for registration.

Limitation of the study

Due to the lack of primary sources, the researcher was unable to trace out the history of kuri companies beyond the colonial period. Similarly there was paucity of reliable data on the huge volume of chit business in the informal sector. The general reluctance of the people to reveal data on income and savings made the task of collecting data somewhat difficult.

Scope of the study

The present study entitled “A historical outline of kuri companies and its impact on the socio-economic transformation of Trichur(1891-1975)” examines the socio-economic aspects of chit funds run by the private sector and its impact on the transformation process of Trichur district. The study is an attempt to examine the role of chit funds as agents of mobilising savings and financial inclusion. The study also examines the growth of scheduled banks in Trichur and their place in the economy of the district. It also points out the limitations of chit funds in the informal sector and investigates on chit fund scams. Attempts to examine the functions of Kerala State Financial Enterprises (KSFE) and its role in the economic empowerment of Trichur have also been made. The study honestly investigates the circumstances that led to the flight of foremen to Bangalore, Jammu-Kashmir, and Faridabad after the implementation of Kerala Chit Funds Act 1975. The study is so helpful in comprehending the urbanisation process of Trichur.

Organization of the Study

The present study is arranged into six chapters apart from the introduction and conclusion. The ‘introduction’ includes statement of the

problem, objectives of the study, methodology, sources, review of literature, and scope of the study.

The first chapter, ‘The origin and evolution of Kuri Companies in Kerala’ examines the historical importance of kuri companies and its origin and process of evolution in Kerala.

The second chapter, ‘Rise, Growth and Regulatory framework of Kuri companies in Trichur District’ is an attempt to examine the location, topography, economy, and polity of Trichur.

The third chapter, ‘A Comparative Study of *Kurikalyanam* and *Panappayattu* with Kuri Companies’ provide a detailed account on *Kurikalyanam* and *Panappayattu*, the two important financial systems in different parts of Malabar. An attempt is made here to examine the literary works which shed light on kuri system and its impact on the everyday life of the people of Trichur.

The fourth chapter, ‘Scheduled banks in Trichur and its relation with kuri companies’ deals with the origin, transformation and development of banks in Trichur during the first half of the nineteenth century. This chapter examines the circumstances which led to the starting of pallikkuris and banks in Trichur.

The fifth chapter, ‘Role of KSFE in the Economic Empowerment of Trichur’ examines the origin and growth of KSFE in Trichur from 1969 to 1975, and the functioning of KSFE. As the first kuri company in the public sector in Kerala, it was a great move from the part of the government to run such a financial institution.

The sixth chapter, ‘Legacy of Kuri companies in the Socio-cultural transformation of Trichur’ investigates the impact of kuri companies and it

evaluates the vital role played by the kuri companies in the socio-cultural transformation of Trichur from 1891 to 1975.

Concluding chapter sums up the study. Kuri companies were the indigenous financial institutions in Kerala. Changathikkuri gave rise to *pallikkuries* and later on community kuries in the state and Trichur in particular. *Dhanyakkuri* gave way to *panakkuri* in course of time. The household kuri companies led to the establishment of joint stock companies and financial institutions. From the womb of kuri companies, banks were born in Trichur. Kuri companies are the Indian version of Rotating Savings and Credit Associations (ROSCAS) in the world. Kuri companies were agencies for mobilising micro savings and providers of micro credit that enable the ordinary people of Trichur to face the everyday financial necessities of life. Kerala State Financial Enterprises Ltd. began in Trichur in 1969 under the ownership of the State government. New kuri schemes were introduced by KSFE to attract large number of subscribers. It affected the economic empowerment of Trichur. The informal kuries propelled by private sector in the twentieth century in Trichur greatly influenced the society, economy and cultural fields. Everyday life of the lower strata of the society was directly linked with the kuri companies.

CHAPTER I

ORIGIN AND EVOLUTION OF KURI COMPANIES IN KERALA

In several developing nations, ‘kuri’ or ‘chitty’ serves as a popular medium of money transaction among the households and in small business entities. It embodies multiple economic and social functions like saving, borrowing, insurance against risks in life and opens a platform for social interactions. Senior citizens of the State were engaged in chit funds to a greater extent than their counterparts as subscribers. Usually, kuri/ chit were based on a social contract which ensures that the members agree upon the subscription to the fund without failure. The success of chit funds is depended upon the enforcement of the social contracts among the subscribers.

This chapter ventures to explore mainly about the origin, evolution, structure, and mode of operation of kuri companies in Kerala. The chief area of discussion is regarding the evolution of kuri companies and it tries to resolve about the problem of “how the ‘Chit/Kuri’ became a well-established financial institution from an existing social custom”.

1.1. Definition of Chitty/Kuri

As per Section II (2) of the Kerala Chitties Act 1975, “Kuri or Chitty defines as a contract, in which the foreman, enter into an agreement with a number of persons who shall subscribe a certain amount of money by periodical instalments for a fixed period. The prize winner must select through lot”.¹

1. Section II (2) of the Kerala Chits Act 1975.

Chit Funds Act 1982 also defined chit as a transaction based on a contract between the foreman and subscribers. In this contract, agreement was made about the instalment amount, duration of kuri, mode of taking lot to provide prize money.²

1.2. Historical background of the origin of Kuri/Chit funds

Even before the emergence and popularity of modern banking, the kuri/ chitty developed almost spontaneously in Kerala as a method of collecting savings in a cooperative effort to advance money to the participants, with facilities for convenient repayment. The inner urge of people to become economically more powerful, led them to be very active in the chitty industry in Kerala. The oral traditions in Travancore and Cochin prove the existence of the prototype of kuri companies in the locality as a strong financial institution. The kuri system makes a revolutionary change in the economic field of Travancore and Cochin during the nineteenth and the twentieth centuries. The antiquity of chitty/ kuri is testified by William Logan in *Malabar*.³

Kuri is widely seen in Southern parts of Kerala and considered as a very ancient method of raising money to meet a crucial financial need of the people. It was known as ‘Malabar Kuri’ and innumerable chit funds were found in the neighbouring districts of Malabar and Tinnevely.⁴

A committee was appointed by the erstwhile Government of Cochin in 1939 to study on the functions of kuri companies. The committee opined that,

-
2. The Chit Funds Act, 1982, Act No. 40 of 1982, An Act to provide for the regulation of Chit Funds and for matters connected with it, Law Publishers (India) Pvt. Ltd., 1998.
 3. William Logan, *Malabar*, vol. I, Madras, Government of Madras, 1951, p. 36.
 4. The Madras Provincial Banking Enquiry Committee Report, Vol. I, Government of India, 1930.

the kuri business became very popular in Cochin state and flourished there as a financial institution. The people of the state understand the merits of kuri companies and began to utilise the indigenous financial institution for the development of trade, commerce and agriculture. After the establishment of joint-stock companies and banks in Kerala, kuries were begun to be controlled by them.⁵

1.3. Changathikkuri

Changathikkuri existed in Malabar and Thrissur from eighteenth century onwards. As per the description of William Logan, the word ‘Changathikkuri’ derived from Sanskrit word ‘*changati*’ (convoy/ guard/ companion/ friend) and Dravidian word ‘kuri’ (the lot/ share/ lottery/ club). It might have been formed to mean a season of friendship, a periodical association, the bond of friendship, a society of friends. It used to be very common practise in Malabar among gathering of friends and neighbours, still partially kept up, for the purpose of conversation, of discussing any particular subject, of enquiring into the conduct of any individual. It was not, it appears, confined to people of the same caste, but the association was often composed of Nayars, Tiyyars and Mappilas. Besides promoting social intercourse, it had a tendency to prudential consequences. It induced strength to the economy. Each member of a kuri is obliged to entertain the members once in the course of its duration at his own house. It does not come to the members in regular turn, but is decided by lot, that is, every member places with his subscription a ticket with his name into the deposit, and a ticket is drawn in every month, and the person whose name appears on the ticket drawn plays host to the other

5. Report of the Kuri Committee, Government of Cochin, 1939.

members and is entitled to the amount in deposit for the month.⁶ Changathikkuri provides chance to take lot in every month to decide the prize winner. The person who got the prize money through lot had an obligation to entertain the members of kuri. The prize winner got a chance to arrange a platform for social interaction through his entertainment. Chits offer loans at a flexible rate of interest which was decided by the subscriber. Auction is permitted in kuri, in every instalment on a maximum discount rate according to the demand of money. The borrowers will get a chance to fix the rate of interest on his loan.⁷ The person who conducts the chit business can take the prize money in the first chance and have no commission. In Malabar area, this practise was known as '*Kurimooppu*'.⁸

During the initial stage, grains were the medium of exchange in *changathikkuri*. Barter system was also prevalent in the market during this period. But the barter system had certain restrictions in maintaining equal transaction value between the buyer and seller. Therefore, different types of coins were minted in stone, metal, and paper by different dynasties in different parts of the country for convenience in exchange. In 1815, Colonel Munroe wrote to Captain Blacker about the introduction and usage of coins for transactions in Kerala.⁹

6. William Logan., *Malabar*, Vol. II, New Delhi, Asian Educational Services, 1951, p. clxxiii.

7. Subbarama Aiyar, S., *Economic Life in a Malabar Village*, Bangalore, The Bangalore Printing and Publishing Co. Ltd., 1925, p. 66.

8. Davis Kannanaikkal, (60), Pracident of all Kerala Foreman's Assosiation, Trichur, Interviewd on 20. 05. 2016.

9. Communication from Col. Munro to Captain Blacker dated 7th December 1815 A. D. *Cochin Documents-Regional Archives-Ernakulum* and cited in P. Bhaskaranunni, *Pathonpatham Noottandile Keralam*, Kerala Sahithya Akademy, 1988, P. 1039.

1.4. Grain Chit (*Dhanyakkuri*)

The concept of chit funds could be traced back to 10th century. Even before the beginning of coinage, the chit fund system was prevalent in the mode of grains as a medium of exchange. In Kerala, *dhanyakkuri* was the forerunner of modern kuri system.¹⁰ ‘*Nellukuri*’ and ‘*Arikkuri*’ can be seen as the earliest versions of modern chit funds in Kerala, where rice used to be the medium of exchange before coinage. ‘*Nellukuri*’ and ‘*Arikkuri*’ led to the growth of ‘*Panakkuri*’ in Kerala. In the early stages, the aristocratic ‘*manas*’ and ‘*illams*’ conducted such of kuries.

In Trichur area, *Poovalkuries* began as an initiative to aid poor peasants.¹¹ ‘*Pooval*’ means crop period of paddy. The kuri was fashioned with three instalments in a year. In villages, every member contributes a certain quantity of rice during every harvest season. The subscribers meet together to select the prize winner and that person will get the whole contribution after the foreman’s commission is deducted. People followed *Nellukuri* or *Arikkuri* system to raise money for a daughter’s marriage or for other specific occasions. They are either family based or community-based. Farmers and traders happened to be the prominent clients of *pooval kuries*. A trustworthy member of a family could conduct a kuri by adding his friends, neighbours and relatives as subscribers. Later, this social custom, which used to exist among families, evolved as financial institutions due to the demands of the ordinary people.

10. Simcox, E. J., *op cit*.

11. A long term Chit extending up to 20 years with subscriptions made in three or four instalments a year (generally) which is related with the harvesting periods. The name ‘*Pooval*’ is derived from the Malayalam word ‘*Poo*’ or ‘*Poovu*’, which means crop.

During the course of time, barter system created certain problems in the exchange system. Main limitations of barter system were the absence of double coincidence of wants, lack of a common measure of value, and problem of divisibility. In *dhanyakkuri*, for instance, the prize money is a heap of grain. Here winner meets with certain problems. He/she would not be able to store it for future as his/her accumulated wealth. In order to meet the day to day activities, money becomes a necessary medium. Consequently, instead of rice, cash came to be pooled together and the lot was taken at periodic intervals. Money came to act as the medium of exchange, a unit of account measure of value, store of value, the standard for differed payment and transfer of value. Daily kuries and weekly kuries developed so as to save the money of the daily workers, self-employed and ordinary people. In South Kerala, this was known as ‘chit’ and in North and central Kerala as ‘kuri’. At present, there are monthly kuries, by-monthly kuries etc.

Majority members of the ‘grain chit’ or ‘*dhanyakkuri*’ were women. Without the knowledge of their husband, they kept a handful of rice from the everyday meal to participate in a kuri. At the time of winning the prize money, they want to sell the whole grain to collect money for investing it in household utensils and gold ornaments. The housewives became financially empowered through these type of kuries. Women foremen emerged in Kerala and they conducted weekly kuries and monthly kuries. They made associations of women in the neighbouring locality for conducting different types of kuries.¹²

The people of Kerala, especially those of Trichur were familiar with kuries/chits to run their day-to-day activities and economic functions. When ‘*panachittu*’ came into being, innovative steps were taken by the Catholic

12. Nayar, C. P. S., 1973, *op cit.*, p. 4.

Church in this field. From 1830-35 onwards, Chaldean Syrian church of Trichur began to conduct chit funds.¹³ Under the guidance of Lourdes Church Kuries, the *pallikkuries* were systematically started by Catholic Syrian community in Trichur in 1891. From 1891 to 1975, a large number of Catholic Syrian churches started kuries for the benefit of the poor members of the parish. The church began to conduct the efficient functioning of the kuri companies for the economic betterment of the poor people and became a public place for socialization process. The Trichur model *pallikkuries* began to function in different districts of Kerala in the second half of the twentieth century.

Pallikkuries initiated by the Syrian Christian community inspired other communities to start community kuries (*samudayakkuri*). Hindu Nair and Namboothiri communities took interest in starting community kuries in different parts of Kerala. Peringottukara Namboothiri Yogakshemam Sabha started kuries in 1916 and established a school for the education of women in 1941 and later they began financial institutions at Anthikkad with 5000 subscribers and 100 branches. Today, Muslim mosques are also engaged in the conduct of kuri companies in Kerala.

1.5. Evolution of Chit Funds/Kuri Company

Different stages of development can be traced in the evolution of the kuri companies in Kerala. Changathikkuri was the portent of modern type kuries/ chits. This was based on mutual help among friends or neighbours. In this financial institution, every member shall make his own contribution at regular intervals for a fixed duration. The lot will decide the prize winner in

13. Mar Aphrem Thirumeni, (90), Partriarchal Vicar, Metropolitan of India and U.A.E., Trichur, interviewed on 15-11-2017.

rotation. In this set up, the foreman had no remuneration for his initiative in conducting kuri.¹⁴

In each village, there were different groups contributing different grains. Each group selected its own foreman. In the initial stages, the entire periodical collection was given to one member of the group decided by lot. On an appointed day, the names of members were written on '*olais*' (palm leaves) and put in a small earthen '*kudam*' (pot), from which one name was pulled out to decide the person to whom the entire collection was to be given. The earliest form of chit business was based on the system of the lot, which grew out of the grain chit (*dhanyakkuri*).

In every village of Trichur, either in a '*mana*'/'*illam*' or in the family of a trustworthy person, one can still find a long book for recording the subscription account of each '*varikkar*' (subscribers) in *Changathikkuri* model. In rural areas, chit funds were a great relief for poor peasants and every villager. Later, the kuri company transformed from a social custom to a financial institution. To know about this transformation, a lot of research is needed.

During the twentieth century, in every part of Trichur district, kuri companies were run by families. A random study is done to find the reasons for the transformation process. For this, the family histories of different '*tharavadus*' who were engaged in kuri activities in different parts of Thrissur were taken up. From those case studies and investigations, certain causes which led to the transformation of kuri companies were derived. Niranath Mangan family in Pallissery, Cheruvathoor family in Arthat, Tharakan family in Kottappady, Manjaly family in Varantherappilly, etc. conducted family

14. William Logan, Vol. 1, *op cit.*, p. 173.

kuries during the first half of the twentieth century in Trichur district. Cheruvathoor family in Arthat conducted kuri with 8000 subscribers in the form of daily kuri and weekly kuri till the 1980's.¹⁵ Niranath Mangan family in Pallissery conducted kuri with functions of microcredit and micro savings as a respite for thousands of poor villagers by issuing pass books to the subscribers.¹⁶

There was also the practice among those selling vegetables in village '*chandhais*' (markets) to make a weekly contribution to a trusted individual, getting, in turn, the pool to supply them with capital to buy the vegetables they had to sell in the market. In course of time, this system spread to various trades. Women in households also started pooling their resources in kind and depositing their savings with an elderly woman of the locality, who was generally trusted and respected. Subscription in the form of paddy or rice made kuri/chitty very popular among females. As more and more people started joining these groups, a system was evolved by which the trustee fixed a particular day for deposits and payments. As time passed, the menfolk also found this system of mutual co-operation advantageous to meet their casual financial difficulties or invest their cash earnings. The men who joined the scheme were from the locality. The persons who conducted the kuris/chits were men of known integrity and the people who joined the scheme had implicit faith and confidence in them. Default and delayed payments were very rare. Before the development of communication in India, chit funds were confined to small villages or a particular community. The main factor responsible for the success of these early chits was the nature of the village

15. Udhayan. C., (59), son of the former foreman of kuri company, Cheruvathoor House, Arthat, interviewed on 15-12-2016.

16. Baby Devassy, (70), Daughter-in-law of former foreman of a kuri company, Niranath Mangan House, interviewed on 25-11-2016.

economy. The village was practically self-sufficient. There was a little communication with the distant towns. Grain was the main medium of exchange for buying any other thing. There was no institution for keeping savings, and they spent the produce in ceremonies and festivities carelessly and borrowed afterwards for survival. To these people, the chitty turned out to be a boon.¹⁷

During the second stage of its development, the foreman received commission for his work. When money came into use, there developed '*panakkuri*' or money chits, in which members paid their periodical contribution in money. The subscribers began to seek money chits in preference to grain chits. With the decline of barter and the emergence of money as the medium of economic activity, the chitty grew to the position of a tiny one-man savings bank.

Most of the Syrian Christians in Kerala were cultivators and traders. In the 16th century, there were some powerful Christian landlords in the areas like Pathanamthitta and Trichur who controlled a good part of the pepper trade. From the beginning of the twentieth century, the Syrian Catholics started entering into the money market and began to play a decisive role in the financial scene of central Kerala. With their intense participation in agricultural activities, particularly in the production of cash crops, most of the Christian agrarian settlements eventually became the centres of immense wealth accumulation. The Church leaders started kuries/chits at the parish level, with the help of which the spending habit of the Christians was considerably controlled. Thrift and saving habit were promoted among them. Thus a considerable chunk of wealth from the agrarian villages of these

17. A. A. Baby, (69), Author of several articles on kuri business in Trichur, interviewed on 12-11-2015.

Christians was channelized for further productive ventures. Foremen began to receive considerable commissions for their services during this period. Catholics conducted chits for charitable purposes also.¹⁸

The pattern of subscribers also underwent changes during the second stage of evolution. In *pooval kuries*, the majority members were agriculturists. In the later stage, traders, merchants and salaried persons became subscribers of kuri for the purpose of saving their money and for a precaution to meet unpredicted economic requirements. Change in the occupational pattern of the subscribers is considered as a big step in the process of development.¹⁹ The main interest behind the merchants and traders joining in chits is to borrow money. They use the prize amount for the purpose of furtherance of their business. The principle of lot system was a major obstacle in the way of taking the prize amount in advance and they used to borrow the necessary amount from moneylenders or others at high rates of interest and used to repay when they got the prize amount. At times, they even used to borrow the money from the foreman itself.

Later on, the foremen realized that majority of the subscribers want to take the option of advancing money in time of need. With a view to serving this class of people, the foremen adopted the principle of auction for determining the prize winner. The new venture in conducting kuries according to the needs of the people created a big leap in the process of its fruition. The option for auction changed the face value of chits and people began to depend upon kuries to suit for their varied needs. Prize winning through lot may not provide money to a needy person but auction gave him/her a chance to bid for a little loss to use money in the proper time

18. George K. P., (65), Manager, Lourdes church kuries, Thrissur, interviewed on 10-12-2015.

19. Nayar, C. P. S., *op cit.*, 1973, p. 5.

according to his/her urgency. The difference amount between the total collection and the bid amount was distributed as the dividend or 'veethapalisa' to all members including the bidder. Much later, as the system developed, the excess collection was divided into two parts, not necessarily equal. One part was distributed equally to all the members of the group as dividend and the other part also equally, but only to non-prized members. The latter was an incentive to those members who joined the group primarily to save.

Partnership firms, private limited companies, co-operative societies, and joint stock banks were started to enter into chit business gradually. It marked the third stage of development in the evolution of Chit Funds. The nation-state and the newly formed market economy are not separate entities but form a single object of the human invention which Karl Polanyi refers to as 'the market society'.²⁰

Labour, land and money are essential for the self-regulated market economy. Economic liberalism creates a revolution in the history of nations. The economy is never autonomous but it is subordinated to society and politics. The concept of 'economic liberalism' affected the markets, trade and commerce of the whole world. The colonisation of India by Britain and its free trade mercantilist policies resulted in revolutions in Indian scene. From 1860 onwards, British factories and companies were set up in India which influenced the Kerala economy also. Political and economic pressure groups were altered during this time in Kerala. 'Hundika kachavadakkar' and money lenders entered the scene of Kerala during this time. The mentality of men began to transform and it brought about certain changes in the conduct of

20. Karl Polanyi, *The Great Transformation*, Boston, Farrar & Rinehart, 1944. (Translation 1957, p. 71)

chits also. Profit making became the sole intend of all enterprises. With the development of transport and communications and with the mobility of people between places, chit funds lost to an extent their localized character. The individual foreman who was the master of the show hitherto was pushed to the background and a new class of institutional foreman emerged. A chit fund company was started by an individual or by a group of individuals as a partnership firm, private limited company or as a public limited company in which a large number of members were enrolled. The company had to employ people to canvass members residing in different places, collect subscriptions, maintain accounts, etc. It also became necessary to take proper sureties and securities from successful bidders and to adopt a complex system of accounting.

As per the report of the Travancore-Cochin Banking Enquiry Commission of 1956, majority of banks in Travancore-Cochin state, were derived from kuri companies. The banks conducted kuries/ chits with the intension of attracting more subscribers. Till 1970, Kuries were conducted by Dhanalaksmi Bank, South Indian Bank, Catholic Syrian bank, etc. The popularity of chits spread to urban and metropolitan centres and people irrespective of caste and gender, became the subscribers. The kuri companies became a great help for businessmen and traders to run their business without any financial hurdles.²¹

The fourth step in the evolutionary process of kuri or chitty was the entry of government to run Kuri Company in public sector. The Banking Commission which studied the working of chit funds recommended the starting of chit funds in the public sector. Even before the commission recommended chit funds in the public sector, the Government of Kerala set up

21. Nayar, C. P. S., *op cit.*, 1973, p. 6.

in 1969 a company called the Kerala State Financial Enterprises Limited, with the object of starting, conducting, promoting, operating, managing and carrying on the business of chits in India or elsewhere. Today, the chit fund is no longer confined to a village or town but is fairly widespread not only in south Indian states but also to other states in the country and other countries like Malaysia and Sri Lanka. Many chit companies had branches in other States to expand their business. The chit scams and cheating by foreman became a usual case in Kerala during 1970s. It is the need of the time to bring chits and kuries under the control of the state. Sreedhara Menon pointed out this matter very seriously when he presenting the position of kuri business in the State.²² Kerala State Financial Enterprises Ltd. (KSFE) was established in 1969 in the public sector to deliver an alternative to the private chit promoters. This step intended to liberate the poor and ordinary subscribers to liberate from the clutches of the private sector chit funds.

A notable feature in the fifth stage was the flight of chit foreman from Kerala to other states. The Kerala Chitties Act, 1975, made certain rigid provisions against informal private chit funds. The result was the migration of foreman to other states to start chits. Registration of private chit funds was made at Bangalore where this law was not applicable.

Modern business world needs more money to cope with the changing situations. Chit funds began to play a key role in solving not only the financial problems of individuals but also functioned as the financial source to the corporate sector. The chit fund business flourished all over India due to its effective role in the financial sector. The chit fund business in the unorganised sector in India is estimated to be about 4 times bigger than the organised sector in India. In Tamil Nadu, Karnataka and Andhra Pradesh, chits are

22. Krishnamurthy, A., '*Corporate Chits: A New Dimension*', Chennai, National Workshop on Management of Chit Funds, November 14, 1997.

popular and thousands of chit funds got registered. In north, chit business was not so familiar except in Delhi, Gujarat, Maharashtra, and Haryana.²³

The two factors, namely, accessibility and relatively easy availability of credit, in contrast to the cost of such credit seem to explain mainly, the popularity of chit funds. Notwithstanding the spectacular growth of banking offices since nationalization and the increase in the flow of credit to the neglected and priority sectors, chit funds have recorded substantial growth in number and volume of business.

1.6. Technical terms used in Chitty / Kuri

The technical terms used in Chitty are given below:-²⁴

- a) ‘*Variola*’ (*vaimpu*) is the written agreement between the foreman and the subscribers regarding the rules and regulations of kuri/chits.
- b) ‘Subscriber’ is the member of a chit who holds a ticket or fraction of a ticket.
- c) ‘*Veethappalisa*’ is the share of a subscriber at each instalment of the chit/kuri derived from the discount from the prize money according to the conditions of the variola. The subscription, a subscriber has to pay at each instalment is with normal share value less with the *veethappalisa* for him for the particular instalment.
- d) ‘Foreman’ is the person who conducts the chit funds according to the conditions in variola. He is entitled to collect from the subscribers at each instalment a certain amount called ‘commission’ for meeting his

23. Balasubramania, V., ‘The Chit Fund Business is Thriving in the South: Thanks to Stringent Norms’, *The Economic Times*, 12th May 2002, p. 7.

24. P. P. Varghese, *op cit*.

expenses in conducting the chitty. The Foreman assumes a dual role. He is the organizer, and also the subscriber in every chit group. The first chit amount will get to the foreman without deduction of the commission. Generally, the foreman deposits the prize money into the chit business to meet his future obligations.

- e) 'Ticket' means the written note in a paper which contains the name of subscriber to take as lot to get prize money.
- f) 'Drawing' is the mode to select the prize winner at every instalments either by lot or auction.
- g) 'Prize amount' means chitty/kuri amount less discount. The amount of money a prize winner has to forego under the terms of the *variola* for the payment of 'veethappalisa', foreman's commission or other expenses is called the discount.
- h) '*Sala*' means total capital.

1.7. Modus operandi

Generally, an enterprising individual or institution called the foreman enrolls a number of persons as subscribers and starts the chitty/kuri. The terms and conditions of the kuri are drawn out in the form of an agreement (*variola*) and duly registered according to the provisions of the law. In every kuri, there shall be a fixed number of members. Every member has to pay a fixed amount at regular intervals in time. The number of instalment in a chit series equals the number of members. So, every member is assured of the opportunity to get the prize. Every member is bound to pay his periodical subscription till the termination of the kuri. For the last subscriber, there is no auction or draw; he

gets the prize after deducting the foreman's commission and without having to furnish any security.²⁵

The standard rate of foreman's commission for the management of kuri is 5% of the capital of kuri. This represents the ceiling under the provisions of the Travancore chits Act. Referring to 'foreman's commission' the Travancore Chits Act Committee (1941-43) stated that "it is intended to be remuneration for the trouble and risk, which the foreman takes in the successful conduct of a chitty and to meet the expenses such as preliminary costs, registration charges, cost of filling returns with the registrar, lighting charges, office expenses, etc."²⁶ The Kerala Chit Funds Act 1975 also gives a similar provision. Section 16(b) of the Act lays down as follows:-"to such commission or remuneration not exceeding 5%of the chitty amount as may be fixed in the variola for the conduct of the chitty".²⁷

However, in Trichur district, a somewhat different method is adopted. This may be explained with the help of a popular type of kuri. In Thrissur district, kuries have 111 members with monthly payment of Rs.100/-are most popular. In this kuri, every month, the foreman collects a total sum of Rs.11100/-(111x100) from the members. Out of this Rs.10000/- will be paid to the successful subscriber. Out of the balance, Rs.1100/-the foreman takes Rs.200/- for himself and Rs.5/- towards office expenses. The balance Rs.895/- is divided among non-prized members equally. This is called *veethapalisa*. The amount of *veethapalisa* will go on increasing when the number of subscribers eligible for *veethapalisa* goes down. According to the practice in

25. *Ibid.*

26. Report of the Travancore Chits Act Committee (1941-43)

27. The Kerala Chit Funds Act 1975, Section 16(b).

Trichur, the foreman will get Rs.205/- (Rs.200+5) for every instalment until the end of the kuri.²⁸

Usually, a subscriber has the chance to get Prize money by lot or auctioning the amount in times of financial requirement. The subscriber also has a chance to take loan the money from his kuri passbook to meet the immediate needs. Thus the kuries are great relief for the ordinary people to face their day-to-day financial necessities.

According to 'The Prize Chits and Money Circulation Schemes (Banning) Act, 1978', the power to punish the cheating chit funds lies with the State Government by considering it as an offence.²⁹

1.8. Types of Chit Funds

Kuri companies / Chit funds in Kerala were categorised into four types such as public sector, co-operative sector, private sector and private informal sector. Kerala State Financial Enterprise Limited (KSFE) was the only kuri/chit fund business established in Kerala owned by State government in 1969. Co-operative sector also entered into kuri business area and began to make more profit in modern situations. Formal and informal kuries were there under the category of Private sector.

KSFE, the Public sector chit fund was exempted from the rigid rules and regulations of Kerala Chitties Act 1975 and they played a vital role in running the lions share kuries in Kerala. The annual turnover and aggregate sala of chit funds in KSFE shown in their Annual reports is a clear proof for this. Co-operative institutions are also very eager to conduct chit funds as one of their profit earning business. Co-operative institutions established their branches even in the remote villages helped them to collect even the small

28. P. Varghese, *op cit*.

29. The Prize Chits and Money Circulation Schemes (Banning) Act, 1978.

amount for saving and served as agents for mobilize micro financing through a variety of schemes such as Monthly Deposit Scheme and Mutual Benefit Schemes to micro credit and micro savings.

The number of kuri/ chit business conducted in the private sector is innumerable and the number of chit funds in informal sector is larger in number compared to those in formal sector. The chits in the informal sector was not registered and under the sole guidance of foreman, functioned in the state with huge profit. The profit volume of those unregistered private chit funds never come to the audit and not calculated in any records. Those informal private chit funds were run among friends, neighbours, or relatives. The foreman had axis in such groups and easily they can carry on the business without any registration. The only requirement is his trustworthy behaviour.

The registered chit funds in the co-operative sector forms 44.2 per cent in the state. But the share of this sector in the total volume of chit business is very low. Only 17 per cent was their calculated and audited profit. The share from the private sector forms 18.3 per cent in the registration; their profit covers 6 per cent to the total volume of chit business in Kerala. The main reason for this lay in the unregistered conduct of chits in private sector. Due to this, the profit of unregistered chit funds was outside of the official records. Majority of the registered private chit business in Thrissur District is concentrated in Thrissur town and Kunnankulam area. They mobilize micro savings from the ordinary subscribers and micro-credit provided to the needy. If there is a chance to compute the profit from private informal sector, it would be higher than all our available records.³⁰

30. Government of Kerala, Legislative Assembly Interpretation Registration Dept., I. G of Registration, Trivandrum.

The private informal sector was very active and vibrant in conducting chit / kuri without proper registration till 1975 and even today. Association of merchants, employees in the offices, non-teaching staff in the schools and colleges, neighbouring houses in urban and rural localities, churches, temples, neighbouring housewives, etc. were run the kuri companies in the informal private sector. In every corners of Kerala, chit collectors were engaged in mobilising small savings daily and lend it for a high rate of interest. In almost all the villages of Trichur, a lot of unregistered kuri companies functioning efficiently. Only a responsible person is needed to carry on the business. Though those informal chit funds were a great relief for the needy people, numerous cases of fraud is reported in the last quarter of the twentieth century. Malpractices by the foreman in this sector and their disappearance were recorded.

1.9. Different category of Chit funds

A study of chit fund scheme in the country by the Central Bureau of Investigation, Government of India has grouped chits under three main categories namely the Simple chits, the Prize chits and the Business chits.³¹

1.9.1 Simple Chits

Simple chits are not so profitable, compared to business chits. It is an undertaking of individuals. Usually, the rules and regulations of such chits are orally agreed upon. Each member agrees to contribute to the common chit fund at regular intervals, a certain number of instalments in cash or in the commodity. The periodical collection of instalments of all members is put to

31. *Chit Funds, A Critical Analysis of Legal and Monetary Aspects*, New Delhi, The Central Bureau of Investigation, 1967.

draw by lot. Each member gets the prize only once and the last member gets it without a draw.

It is also known as chit by lots. It is the earliest form of all chits. It is also the easier and less complicated version of the all popular forms of chits. In a simple chit, the entire collection, called chit amount, is given to every member by rotation without any deduction. There will be as many members as there are instalments. Every member agrees to subscribe a specified amount of money called chit or share periodically as decided by the organizer. The prize winner will be decided by way of lottery. The prize amount at any instalment is the capital or the chitty amount, less the foreman's commission. The winner's name will be removed in the subsequent draws, and continue to subscribe the money till the end of the scheme. Thus every member gets the whole of the chit amount by turn. This is actually an interest-free loan of the common fund by turn. The main purpose of this kind of chit is not to earn interest but to be mutually helpful to the subscribers. Generally, the first winner is the most beneficiary and when it goes towards last the benefit will also be depleted.³²

32. A. A. Baby, interviewed on 12-11-2015.

Table 1.1: Illustration on financial Aspects of Lot Chitty/Simple Chitty
Monthly Subscription/Chit Amount: Rs 2000 Commission: Rs.100
No. of Members: 20 No. of Months: 20

Instalments	Monthly subscriptions	Commission	Prize Amount
1	2000	---	2000
2	2000	100	1900
3	2000	100	1900
4	2000	100	1900
5	2000	100	1900
6	2000	100	1900
7	2000	100	1900
8	2000	100	1900
9	2000	100	1900
10	2000	100	1900
11	2000	100	1900
12	2000	100	1900
13	2000	100	1900
14	2000	100	1900
15	2000	100	1900
16	2000	100	1900
17	2000	100	1900
18	2000	100	1900
19	2000	100	1900
20	2000	100	1900

1.9.2 Prize Chits

Prize chit device includes different varieties of schemes. Such chits are publicised and the public is invited to join. The prize amount may either be cash or an article of utility. At every periodical collection, one prize is given to one of the members of the chit; the lucky one is being singled out by casting of lots. The prize chit is also known as the lottery chit. The promoter

(the foreman) enrolls more members than the number of instalments. The number of members enrolled is a multiple of the number of instalments. At regular intervals, a lot or draw is held to pick out the name of a lucky number. The names of only those members who have paid their periodical subscriptions are included in the draw. The lucky member whose name is pulled out at the draw gets a prize amount which is excess of his own subscription, in cash or in the form of a utility article. The prize winner ceases to be a member and is not obliged to pay further instalments. The non-prized members are to get back their subscription plus a nominal interest when the last instalment is paid. The lucky person in the first draw gets the maximum benefit. The promoter organizes such prize chits because he is able to collect a large amount of subscription which remains in his possession after he disburses the prize amount profitably, he is able not only to pay the prize amounts to the prize-winners at every instalment, but also repay, without difficulty, the subscription paid by members with interest at the end of the last instalment, besides making a handsome profit for himself. Conducting of prize chit is punishable under Sec. 294-A of the Indian Penal Code. For this reason, some states have excluded prize chits from their purview.³³

1.9.3. Business Chits

Business chits are the only type that has been legally recognised in Kerala as chitty/kuri. The business chit is also known as auction chit. Chits run by registered chit companies and firms are mostly business or auction type of chits. A chit fund scheme can claim a predetermined value and duration. Generally, the number of subscribers and number of instalment were same. The foreman usually gives a name to each and every group by alphabets or numbers.

33. The Indian Penal Code, Section 294-A (regarding Prize Chits).

Table 1.2: Illustration of a list of chit schemes

Group	No. of months	No. of members	Monthly subscriptions	Total chit amount
A	25	25	1000	25000
B	30	30	2000	60000
C	40	40	4000	160000
D	50	50	5000	250000

In some cases, the number of members can be smaller than the number of instalments. For instance, a member may subscribe to more than one chit, in which case he will have an opportunity of bidding more than once in the series. He will be treated as a separate member for each share held by him. These subscribers contribute a certain sum of money every month or every day to the 'pot', the pot then auctioned out every month. The person who bids for the highest amount (also known as the prized subscriber) wins the pot for that month. The prized subscriber wins the sum of money after deducting the discount which is otherwise known as the bid amount. The bid amount will be allocated among the non-prized members as dividend and in the following month, the dividend will be deducted from the amount of instalment.

To illustrate the above, let us take the example of a chit scheme with the following characteristics. If there are 20 members in a chit fund for a period of 20 months, with 1000 rupees share per head per month, hence 20000 would be the maximum amount a member can draw-down, ($20 \times 1000 = 20000$). An organizer should be there, who has to take care of all the activities like collection of money from members each month, disbursing the pooled money to the highest bidder and all book-keeping works. On a specific day, every month member's will gather to bid for the 200000 rupees. The organizer would start the bid with a low amount, say 500 rupees and the

members can bid next with any amount above 500. The auction goes on with the organizer repeating the bid amount 3 times before closing the deal. Suppose someone bid 1000 rupees (also called the discount) and the deal is closed. Now the bidder would be awarded 19,000 (his bid-amount would be deducted). The bid amount, 1000 rupees deducted from the bidder would be shared equally among the members. So for that month, each person will pay only 950 ($20000 - 1000 / 20$). This saving can be equivalent to the interest provided by the banks. Once a member wins a bid he can't participate in future biddings. So after the first month, only 19 members would be eligible for bidding. One particular month (typically the second month) there would be no bidding, so the members should pay their share (1000 rupees) in full. The first prize winner would be the organizer and it served as the salary for organizing, coordinating and book-keeping the chit fund, and the bidding goes each month after this like the first month. For the 20th lot, there would be only 1 person eligible for bidding. Hence that month's money would be given in full (20000 rupees) to that person. This process is shown in the Table 1.3 and 1.4.

Table 1.3: Model of a Chit Fund Operation

Chit Amount 10000/- No. of Months 20 Monthly Subscription 500 No. of Members 20

Instalments	Monthly Subscriptions	Bid Amount	Discount Amount	Percentage of Discount	Fixed Commission (5 Per cent of the chit amount)	Total Dividend	Dividend per member
I	II	III	IV	V	VI	VII	VII
1	500	9500		5	500	0	0
2	500	8000	2000	20	500	1500	75
3	425	7500	2500	25	500	2000	100
4	400	7000	3000	30	500	2500	125
5	375	8300	1700	17	500	1200	60
6	440	8750	1250	12.5	500	750	37.5
7	462.5	8100	1900	19	500	1400	70
8	430	8400	1600	16	500	1100	55
9	445	9000	1000	10	500	500	25
10	475	9450	550	5.5	500	50	2.5
11	497.5	9100	900	9	500	400	20
12	480	9050	950	9.5	500	450	22.5
13	477.5	9300	700	7	500	200	10
14	490	9050	950	9.5	500	450	22.5
15	477.5	9400	600	6	500	100	5
16	495	9400	600	6	500	100	5
17	495	9300	700	7	500	200	10
18	490	9400	600	6	500	100	5
19	495	9500	500	5	500	0	0
20	500	9500	500	5	500	0	0
Total	9350				10000		650

Source: Office Records of Margadarsi chit funds (p) Ltd.,1962 , Hyderabad, A.P.

Table 1.4**Chit Subscription and Dividend Realisation Mechanism**

Instalments	Total Net Subscription paid Prize	Prize Amount Received	Net Receipt (3)-(2) (+) or (-)	Net Receipt as Per cent of prize Amount(4) as Per cent of (3)	Total Dividend of each member	Total Dividend as Per cent of Chit Amount
(1)	(2) Rs.	(3) Rs.	(4) Rs.	(5) Rs.	(6) Rs.	(7) Rs.
1	9350.00	9500	150.00	1.58	650.00	6.5
2	9350.00	8000	-1350.00	-16.88	650.00	6.5
3	9350.00	7500	-1850.00	-24.67	650.00	6.5
4	9350.00	7000	-2350.00	-33.57	650.00	6.5
5	9350.00	8300	-1050.00	-12.65	650.00	6.5
6	9350.00	8750	-600.00	-6.86	650.00	6.5
7	9350.00	8100	-1250.00	-15.43	650.00	6.5
8	9350.00	8400	-950.00	-11.31	650.00	6.5
9	9350.00	9000	-350.00	-3.89	650.00	6.5
10	9350.00	9450	100	1.06	650.00	6.5
11	9350.00	9100	-250	-2.75	650.00	6.5
12	9350.00	9050	-300	-3.31	650.00	6.5
13	9350.00	9300	-50	-0.54	650.00	6.5
14	9350.00	9050	-300	-3.31	650.00	6.5
15	9350.00	9400	50	0.53	650.00	6.5
16	9350.00	9400	50	0.53	650.00	6.5
17	9350.00	9300	-50	-0.54	650.00	6.5
18	9350.00	9400	50	0.53	650.00	6.5
19	9350.00	9500	150	1.58	650.00	6.5
20	9350.00	9500	150.00	1.58	650.00	6.5

Source: Office Records of Margadarsi chit funds (p) Ltd., 1962, Hyderabad, A.P.

In the Table 1.4 the bid amounts varying between Rs. 7000/- and Rs. 9500/-. The discount in the auctions depends on the urgency of the person's need. In the above illustration, the discount amount increased gradually from first instalment to fourth instalment and decreased in the fifth instalment and sixth instalment and again increased and continuously decreased. The

members in the last two instalments receive Rs. 9500/- at a minimum discount of 5 per cent which is foreman's commission.

The dividend declared to the subscribers depends on the discount at which prize amounts have been bid. In the last two instalments, no dividends are declared. Taking the entire scheme, each subscriber receives a dividend of Rs 650/-. All the members in the group pay the same total net subscription of Rs. 9350/- (Rs 10000- Rs 650), but receive different prize amounts. The subscribers from first to fourteen instalments are borrower members because the net subscription amount is higher than the prize amounts of these members, and the remaining are investor members as the net subscriptions are less than the prize amounts.

1.10. Structure and Functions of the chit funds

Informal financial intermediaries were functioned as chit funds and banks. The structure and functions of these intermediaries were analysed by many scholars and found the reason for such a situation. The chit funds were allowed to function as bank to cater the needs of the people according to different circumstances. They want to solve the problems faced by the borrowers and savers by providing service as a bank in many situations.³⁴

Alvin Prakash opined that there was a phenomenal growth in the number of chit funds or financing institutions in Kerala which were functioned in the private sector from the last two decades of the twentieth century.³⁵ He conducted a survey in the financial institutions such as kuri/chit funds in Trichur town and reached into a finding that all those kuri companies were working as parallel banking institutions posing a threat to the banks of the locality. There is a need to regulate the working of such kuri/chit funds for

34. Nayar, C. P. S., 1982, *op cit*.

35. Alvin Prakash, B., 1984, *op cit*.

the proper functioning of banks in the locality. The kuri companies were functioned as the parallel banking institutions to help the ordinary people. So steps must be taken first to limit the restrictions imposed by banks to get loans from there and expand credit facilities to the needy.

The State Governments controlled and administered the chit fund business through the office of the Registrar of Chits. According to the RBI Act, chit funds are exempted from registration. But the deposit acceptance activities of kuri companies or chit funds are regulated under the Miscellaneous Non-Banking Companies (MNBCs) Directions, and the advertisements for imploring deposits are governed by the Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977.³⁶

Till the passing of Kerala Chitties Act 1975, the chit business thrived under the private monopoly in the state. This Act passed to protect the interests of the subscribers and arrested the mushroom growth of private chits through proper regulation. The Act not favours the individual interests of the foreman and led to their migration to other parts of India, especially to Karnataka, Haryana and Jammu-Kashmir. The Kerala Chitties Act 1975 was not enough to prevent these types of migrations to escape from the grabs of the law. The Central Chit Fund Act passed in 1982 to control the flight of foreman to other states.³⁷ The foreman found safe place in Faridabad and

36. The government of India, the Companies Act, 1956, section 58 A; Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977.

37. Central Chit Funds Act 1982; Sallyamma Job, “*A study of chit finance in Kerala with special emphasis on Kerala state financial enterprises Ltd.*”, Ph. D. Thesis submitted to the Cochin University of Science and Technology, February 2003. pp. 2-40.

38. ‘History of Chitty business in Kerala’, *Integra*, Developing Integrated thoughts, 2015.

Jammu-Kashmir to register their kuri/chit business to escape from this law. In order to control the chit business fully under the state government, the Amendment Act passed in 2012. Now the foremen were in a dilemma to start chit business according to the new rules and regulations. It is not possible for them to conduct the kuri business profitably as it done in earlier times.

According to the report of a study conducted by the Institute for Financial Management and Research (IFMR) in India, over thousands of crores of rupees is circulated through chit fund. Andhra Pradesh topped with 1.4 million households participating in chit funds circulating \$1.6 billion. Tamil Nadu stood second with participation by 800,000 households circulating \$820 million. Even though the Indian banking sector has offered several lucrative and innovative financial products and services to a large section of the population, the chit funds remain the most popular option among the low and middle-class sections. Chit funds require less documentation. The chit amount is also collected from the subscriber's doorstep. The turnover of chit funds in India is estimated at \$4 billion.³⁸

1.11. Conclusion

Chit /Kuri is a saving cum borrowing scheme , wherein a few people come together as subscribers and invest a fixed amount for a definite duration. The grain chit, furniture chit, textile chit, and money chit were the different stages of development in the evolutionary period of Kuri/Chit system in Kerala. It started as an informal association of traders and households within a community. Changathikkuri, *pallikkuri* and *samudayakuri* were the forerunners of today's kuri companies. 'Munnal' or foreman conducts the chitty and each member is known as 'chittal' or

subscriber. The total contribution of the chitty is 'Sala' or capital and the scheme itself is known as kuri/chitty.

Ordinary people usually prefer kuri companies to invest their wealth over the banks. There are no formalities to join in a kuri when we compare it with starting an account in the bank. There is also an option of small deposit in kuri system which was favoured by the common people. Door to door collection of money with the aid of agents was very convenient for the subscribers in a kuri system. Chits were run by Private, Public and Co-operative sector in Kerala. Registered and unregistered chit funds functions in Kerala. The private unregistered kuries in the informal sector were more profitable during the twentieth century. High return is the main attraction of the chit funds. It served as a compulsory saving system for the ordinary people of Kerala.

CHAPTER II

RISE, GROWTH AND REGULATORY FRAMEWORK OF KURI COMPANIES IN TRICHUR

Trichur district is the cultural capital of Kerala which had its own socio-economic and political heritage. Trichur is affluent in the realms of religious, social, economic and developmental activities. The highest number of financial institutions both government and private sectors were efficiently functioning in Trichur and it served as the headquarters of three major scheduled banks. Trichur is also known as the commercial and academic hub of Kerala. The religious, cultural, historical, and archaeological attractions support a strong potential for the development of tourism as well. Kerala Sahitya Akademy, Kerala Lalithakala Academy, Kerala Sangeetha- Nataka Academy, Kerala Kalamandalam, School of Drama, and Sakthan Thampuran Archaeological Museum are located at Trichur. Major industrial sectors include handloom, pottery, tiles, diamond polishing, automobile tyre mouldings, wood and rubber based units, production of ayurvedic drugs, coconut oil extraction, food processing units, etc. Major crops of the area are paddy, tapioca, rubber, ginger, cashew, coconut, areca nut, nutmeg, so on and so forth. Trichur is also popular for its prominent gold market and is known as the Gold capital of India. Silk garment trade is also booming in Trichur. The flourishing commercial and financial sectors perform an important role in the economy of Trichur.

The district is famous for its ancient temples such as Vadakkumnathan temple, Tiruvambadi temple, Paramekkavu temple, Peruvanam temple and Guruvayoor temple, as well as three famous churches, Our Lady of Lourdes Metropolitan Cathedral, Our Lady of Dolour's Basilica, Palayoor St. Thomas'

shrine and India's first mosque, Cheraman Juma Masjid in Kodungalloor. 'Thrissur Pooram' is the most colourful temple festival in Kerala.¹

2.1. Location of Trichur

The term 'Trichur' is the abbreviated English form of the Malayalam word, 'Thrissivaperur' which means 'the town of the sacred God, Lord Siva'. According to the Survey and settlement Register of 1909, Thrissivaperur town is a village bounded on the north by Peringavu, on the south by Chiyaram, on the east by Ollukkara, and on the west by Ayyanthole.² In 1909, Thrissivaperur had the total area of 2407 acres comprising the revenue areas of Chembookkavu, Poothole, Poonkunnam, Paramekkavu, Kizhakkumpattukara, Angadi, Kottappuram, and Veliyannur.³ Gradually, this village was transformed into Taluk, later, to Municipality, and presently, it has got the position of a Corporation with the same name of the village.

Trichur district came to existence on 1st July 1949, the day on which the Travancore-Cochin state was formed. Trichur district is located at the central part of the state of Kerala. The District of Trichur lies between 10⁰-10' and 10⁰-46' N-Latitude and 75⁰-55' E-Longitude. It is bounded on the north by Palakkad and Malappuram District, on the east by Palakkad district and Coimbatore district of Tamil Nadu State, on the south by Ernakulam and Kottayam District, and on the west by the Arabian Sea.⁴

-
1. K. K. Sivadas, *Thrissurpooram: Pakittum Polimayum*, Trichur, Current books, 2010.
 2. Rajagopalan. C. R., (chief ed.) *Piravi 2006, Keralapiravi 50th Anniversary Souvenir, op cit.*, p. 181.
 3. *Ibid.*
 4. Sreedhara Menon. A., *Kerala District Gazetteers –Trichur District Gazetteer*, Thiruvananthapuram, Government of Kerala, 1962, p. 1.

The total geographical area of the Trichur district is 3,032 square kilometres, accounting for 7.9 per cent of the area of the state. The district at present consists of 5 taluks- Thalappilli (at present- Kunnankulam), Trichur, Mukundapuram, Kodungallur and Chavakkad. There are 25 towns and 213 villages in the district. The present Trichur district with the exception of Chavakkad taluk formed part of the erstwhile Cochin state. Chavakkad taluk was a part of Malabar district till 1957. From 1957 onwards, Chittur taluk which was part of Trichur district formed part of Palakkad district.

2.2. Topography of Trichur

The entire Trichur district is geographically divided into three regions such as low land region, midland region and high land region. The higher slopes of the high lands of the eastern region are enriched with the cultivation of coffee and rubber. In the valleys, coconut, pepper, areca nut are also grown. Machad in Thalappilly taluk, Paravattani (Vellani) in Trichur taluk, Palappilly, Kodassery, and Athirampilly in Mukundapuram taluk are the chief ranges of Trichur district. During the early period, the high land region is the most thinly populated area in the district. The midland region is the most thickly populated area. A major part of this region is under the cultivation of crops like paddy, coconut, areca nut, plantains and other vegetables. The seaboard tract between Kodungalloor and Chavakkad taluk is the low land region in the district. The people who inhabit the beach were lived out of fishing in the sea. This area is densely covered with luxuriant coconut palms. Paddy is grown only in places where there are natural or artificial embankments.

2.3. Climate

Trichur district has a tropical humid climate, with an oppressive hot season and plentiful and fairly assured seasonal rainfall. The hot season from

March to May is followed by the Southwest monsoon season from June to September. October and November fall during the post-monsoon season. The period from December to February is the north-east monsoon season.⁵

2.4. Polity of Trichur

The early political history of Trichur is interlinked with that of the Perumal rule. After the decline of Perumals, the place was later ruled by Perumpadappu swaroopam. From 1405 onwards, Kochi is the capital of Perumpadappu Swaroopam.⁶Trichur was included in the Cochin Kingdom. There were some localised political units called Desams under Desavazhis. The Brahmins, being the upper caste in the society, dominated over the ruling chieftains in different parts of Kerala. A micro-level scientific study of the temples would provide a comprehensive picture of the socio-economic and religious life of early medieval Kerala. Temples of Peruvanam, Thrissivaperur and Irinjalakkuda were the most important landed magnates of Trichur district during the pre-colonial period and exercised great influence in the society. Temples, the landed magnate, became the stronghold of economic power and controlled religion and society. It also exercised immense political power during this period. Thus the Naduvazhis, Desavazhis and the Brahmins asserted political as well as economic control over the entire society. These developments transformed society into a complex one.⁷

The history of Trichur is closely related with Perumbadappu Swaroopam (Cochin) and Nediyruppu Swaroopam (Kozhikode). Zamorins of Calicut captured most of Trichur in 14th and 15th century. Thus Zamorin got

5. *Ibid.*

6. Elamkulam Kunjanpilla, (ed.), *Kokasandesam*, Kottayam, National Bookstall, 1972, p. 17.

7. K. N. Ganesh, 'Agrarian Relations in Kerala-An Overview(1100-1600)', in E. K. G. Nambiar, (ed.), *Agrarian India-Problems and Perspectives*, Calicut, 1999, p. 65

the chance to interfere in the administration of temples in Thrissur. The Moothathavazhi members of Cochin ruling family requested the help of Zamorin of Calicut against the Elayathavazhi ruling member. This provided the Zamorin a golden opportunity to intervene in the ruling affairs of Cochin dynasty.

Cochin Raja signed a friendly treaty with Portuguese in A.D.1500. This irritated Zamorin and he demanded Cochin ruler to withdraw from the treaty. Cochin ruler rejected this demand. Zamorin attacked Cochin ruler with the help of Edappilly Raja in 1504. Cochin Raja was defeated and he sought asylum in Vyppin. With the help of Portuguese, Cochin Raja defeated Zamorin. Portuguese conquered Kodungallur from Zamorin and sacked it and looted the houses and ships of Jews and Mohammadens in 1504.⁸ A Jesuit College and a beautiful church were established there by the Portuguese in order to make it a Christian centre. The Jews fled to Cochin owing to the persecution of the Portuguese.

The Europeans entered Kerala at a time when its principal maritime exchange centres like Cannanore, Calicut, Cochin and Quilon were involved in the process of emerging as the new power centres by making gains from their vibrant maritime trade. The intervention of the Europeans arrested the state-formation moves of the Zamorin, who had to be satisfied with the territories north of Cochin. The Marakkar traders also had a significant role in the international trade, which they carried out with the help of Ottoman rulers. During 1524 they completely shifted their trade operations from Cochin to Calicut.⁹

8. C. Achyutha Menon, *The Cochin State Manual*, Thiruvananthapuram, Government of Kerala, reprint, 1955, pp. 84-85

9. Pius Malekandathil, *Maritime India: Trade, Religion and Polity in the Indian Ocean*, New Delhi, Primus Books, 2010.

In the 16th century, Trichur was ruled by the Portuguese. Cranganore Fort, also known as *Kottapuram Fort*, was built by Portuguese in 1523 and later in 1565 it was enlarged. The fort was named by the Portuguese as Fortaleza Sao Tome and the fort wall with 18 feet in thickness.

At the beginning of the 17th century, the Portuguese power was reduced and Dutch became the main power. In 1662, the Dutch sacked the Portuguese in a fortnightly war, with the help of Zamorin, and occupied and controlled Kodungallur in 1663 till 1776.¹⁰

In 1701 Zamorin started the war with Cochin Raja by attacking Chettuva. With the help of Dutch, Cochin royal family recaptured Trichur from Zamorin in 1710. As a defense against Zamorin, Dutch started to fortify Chettuva fort in 1714. Zamorin captured this fort in 1715 and hoisted the flag of English.¹¹

Even though Trichur belongs to Cochin State geographically, the Cochin ruler has only the nominal position of '*Koyma*' and '*koyiladhikari*' of Vadakkumnatha temple. Zamorin captured these positions in Trichur during 1756-61. The Cochin ruler has no supreme control in Trichur because the *naduvazhis* are not permitted to exercise power in the temple '*sankethams*'.

During 1750–60 Hyder Ali, the Sultan of Mysore, attacked Trichur. Tipu Sultan attacked Trichur in 1776 due to the Clash with Cochin Raja on the collection of tax from Thalappilly Vilvattom. Formerly, Cochin Raja collected the tax from Thalappilly Vilvattom even though some places of Zamorin included in this area. After defeating Zamorin, Tipu Sulthan claimed the tax with effect from the earlier years. Cochin ruler rejected the claim.

10. K. K. Kusuman , *A History of Trade & Commerce in Travancore, 1600–1805*, Mittal Publications, 1987, ISBN 978-81-7099-026-0. Retrieved 28 August 2012.

11. A. Sreedhara Menon, *op cit.*, p. 155.

After this refusal, the army of Tipu was stationed at Chavakkad and during this time, he marched to Trichur. It fell into the hands of Tipu without any opposition. Tipu declared that he is ready to stop the war if Cochin Raja readily accepts the Sovereignty of Mysore. A big tribute of one lakhs pagoda and 8 elephants immediately and an annual tribute of 50 thousand varahan were asked by Sardar Khan, the leader of the Mysorian army for Tipu Sultan. Cochin ruler appealed to Tipu Sultan and the tribute reduced to one lakh varahan and 4 elephants at the point and annual tribute of thirty thousand varahan. Thus Cochin became tributary of Mysore in 8th October 1776. Tipu Sultan constructed good roads through Trichur for easy transportation of his army.

In 1786, Tipu Sultan invaded Trichur and destroyed the churches of *Syrian Malabar Nasrani* community and Hindu temples. Palayoor church and Ollur church were set fire by his army. The economy of Trichur was totally collapsed by this invasion. Due to Srirangapattanam war, Tipu Sultan retreated from Trichur. *Rama Varma X*, the successor of Sakthan Thampuran made Cochin a subsidiary of the British during this time by signing a treaty with East Indian Company. The Dutch handed over their establishments in Kodungallur and Azhikode to the Kingdom of Travancore for 300,000 Surat silver rupees on 31 July 1789.¹²

Sakthan Thampuran ascended to the throne of the Cochin Kingdom in 1790 and ruled till 1805. He shifted his capital from Mattanchery to Trichur and modernised the city by adopting many reforms. He abolished the power of the Namboothiri community who were controlling most of the temples of Trichur district. Sakthan Thampuran removed the *yogathirippad* from

12. Anjana Singh, *Fort Cochin in Kerala, 1750-1830: The Social Condition of a Dutch Community in an Indian Milieu*. BRILL, 30 April 2010, pp. 86, 149, 158., Retrieved 28 August 2012.

vadakkunnatha temple, Trichur. Puthezhathu Rama Menon describes the last 'yogathiri avarotham' in his book-'*Sakthan Thampuran*'.¹³ The Raja laid the foundation stone of modern Trichur, renovated Thekkinkadu Maidanam and transformed the city into a major financial and commercial hub of South India, by inviting Syrian Christian families and Brahmins from adjoining areas.

2.5. Economy of Trichur

From ancient period onwards, Muziris, the port of Trichur played an important role in nurturing the trade relation between Kerala and the outside world. In 70 A.D, *Periplus of the Erythriyan Sea*, an anonymous merchant's guide to the Red Sea, documented information on the spice trade by westerners with the Indian port of Muziris. Muziris was identified as Kodungallur (formerly known as Crangannore, its colonial name) on India's Malabar Coast, where black pepper is native.¹⁴ But there are differences of opinion among the archaeologists about its position. The western shore of Trichur is the base and centre for large-scale trade and commerce.

A papyrus record in Greek, preserved in Vienna, offers a glimpse of Trichur's past. It is a trade agreement signed between two merchants belonging to Muziris and Alexandria. It attests to trade relations between Kodungallur and Rome in the second century A D. T.R. Venugopalan used this document to analyse regional configurations of wealth and power in Trichur from a historical perspective.¹⁵

13. Puthezhathu Raman Menon, *Sakthan Thampuran*, *op cit*.

14. Navaneeth Krishnan. S., *Rivers, Networks of Trade and Faith in Pre Modern Kerala*, M. Phil dissertation submitted in Jawaharlal Nehru University, Delhi, 1996.

15. T. R. Venugopalan, *Sampathum Adhikaravum: Thrissuril ninnulla Oru Kazcha*, Trichur, Current Books, 2012, p. 31.

From ancient period onwards, trade with foreigners carried through Muziris. The Roman Empire had a continuous trading connection with this region. Along with pepper, commodities such as pearls, muslin, ivory, diamond, silk and perfumes were exported using the maritime facilities of Kodungallur. The Roman gold coins were excavated from Eyyal in Trichur district in 1945 and P.L. Gupta conducted study on them. Among these coins, 12 gold coins and 71 silver coins have belonged to Rome and 34 were punch marked coins. The Roman coins were the clear proof of trade relation with Rome and Punch marked coins indicate the trade and commerce with North India. ¹⁶ Sulaiman, an Arab visitor to Mahodayapuram in 851 AD describes the trade with the Chinese and the economic prosperity of the region. Pepper, cinnamon, ivory, pearls, cotton fabrics and teak wood were purchased by the Chinese while selling fishing nets, silk and porcelain goods.¹⁷

Periyar and Bharathappuzha rivers in Trichur performed a two-fold function. They served as means of endless water transportation through the length and breadth of present-day Kerala. By forming backwaters and ports, the land area widened. The harbours at the mouth of the rivers provided safe anchorage to ships. This backwater system exercised considerable influence on the political, industrial and commercial development of Kerala. Chettuva back water played an important role in the trade and commerce of Trichur district. All commodities for trade were collected at Chettuva for easy sale. Periyar split into two tributaries such as Mangalappuzha and Chalakkudyppuzha at Aluva. These rivers played a significant role in the riverine trade and commerce and strengthened the economy of Trichur district.

16. *Ibid.*

17. A. Sreedhara Menon, *A Survey Of Kerala History*. Kottayam, DC Books, January 2007, p. 127.

The ancient city of Muziris was devastated by natural calamities in 1341 and lost its commercial importance. The trade got diverted to other ancient ports of the Malabar Coast, such as Kochi.¹⁸ The trade of pepper and other agricultural products from Thalappilly taluk with foreign countries were carried through Chettuva port. During this time, all roads of the Trichur district were directed to Chettuva with commodities of trade to facilitate easy and flourishing trade with the foreigners.

The Brahmins asserted their power against the ruling chieftains in different parts of Kerala during the post Perumal period. New temples were being established and the Brahmins acquired more lands and strengthened in their own capacity as members of the temple management councils. New sections of population entered into agricultural production.

Most parts of the present Trichur district were under the Cochin state till 1948. Therefore the agrarian relations of the district are connected largely to the agrarian dealings that prevailed in the Cochin state. Big landlordism known as the Janmi system was the chief characteristic of the agrarian scene in the pre-colonial period in the region. The feudal system provides a chance to utilise the poor and low caste people as agricultural labours with fewer wages by the powerful Brahmin landlords. Devaswam lands and Brahmaswam lands were under the control of Brahmins during this time in Trichur district. Temples become the landed magnates and began to exercise religious, social and political control.

During the colonial period, the indigenous spices of the region were exploited by the Europeans through foreign trade. De-industrialisation and

18. Ashis Nandy, *Time Warps: Silent and Evasive Pasts in Indian Politics and Religion*. Hurst, 1 January 2002, p. 172, ISBN 978-1-85065-479-7, Retrieved 28 August 2012; *History of Kochi*. Centre For Heritage Studies, India. Archived on 15 September 2015 *from the original*.

commercialisation of agriculture took place during the colonial period. Rubber plantation introduced in India by the British in 1900s. Jute, Rubber, and Tea Plantations were started by the British in India and they were managed by Catholics after independence. In Kerala, the Syrian Christians, who were the employees of the estates under the British, began to buy estates of plantations for a lesser prize from the British during Independence.¹⁹ Land Reform Act in Kerala also helped the Catholics to become new landlords. Plantation owners were later channelized their money to trade and engaged in starting of Joint stock companies at Thiruvalla and Trichur which led to the emergence of Chit funds and banks. During Pre- independence period and post-independence period, the Syrian Catholics became more powerful through commercial production through Plantation estates, Chit funds, and banks.

2.6. Rise of Kuri Companies in Trichur

Trichur is hailed as the abode of kuri companies from the first half of the twentieth century. Even before this time, kuri companies were started as *changathikkuri* to play a pivotal role in trade and commerce of Trichur. In Cochin, Malabar, and Travancore areas, kuri companies were started among friends and relatives on the basis of social contract. Gradually, the household run kuri system developed to an organised financial institution with systematic rules and regulations. The kuri companies of Trichur were famous for its honesty and it was quite easy for them to get subscribers without much effort even from outside Kerala.

19. V. Balakrishnan, *History of the Syrian Christians of Kerala* (Malayalam), Poonkunnam, Trichur, Published by Indira Balakrishnan, 2001, p. 68.

2.7. Sakthan Thampuran – the source of inspiration:-

In 1796, Sakthan Thampuran, the ruler of Cochin, invited 52 Christian families to Trichur to promote and develop trade and commerce. The Maharaja gave men and material for the construction of churches to this community. Since then, there was a regular flow of Christians to Trichur.²⁰The south-eastern area of the city locates these Christian residential settlements. Various small markets developed initially and later transformed to wholesale markets which concentrated at Nayarangadi, Ariyangadi & Erinjeri angadi. They enhanced the growth of commercial activity in the city. Banking and finance is another important business sector of Trichur, initiated by the Syrian Christian traders in the form of Chit Funds, which later led to the development of the banking industry in Trichur. The city still locates the headquarters of many nationalised scheduled banks and non-banking finance companies and contributes significantly to the financial sector activities of the state.²¹ Puthethathu Raman Menon gives a detailed account about Sakthan Thampuran and his administrative measures. He even stated that Sakthan Thampuran started the practice of kuri in Trichur to help the Christian merchants to find capital for their business. He built Puthenpetta in Trichur for the Christians to settle down and trade with others. Vadakkechira, Thekkechira, Kokkalai, Aranattukara, etc. were riverine trade centres during this time. *Pandikasalas* and *Oottupuras* were erected by Sakthan Thampuran

20. C. Achutha Menon, (ed.), *The Cochin State Manual*, Trivandrum, Kerala Gazetteers' Department, 1995.

21. K. C. Devika, *et al.*, "Emerging paradigms for development planning: A case of Thrissur, the cultural capital of Kerala", *Procedia Technology*, 24, 2016, p. 1684

for the convenience of traders. The world famous ‘*Thrissur Pooram*’ was started by Sakthan Thampuran.²²

There is a legend related to the origin of modern type chit funds in Trichur. When financial crisis happened to the Catholic Syrian traders, they approached and appealed to Raja Rama Varma (Sakthan Thampuran), ruler of erstwhile Cochin State to get a loan. Sakthan Thampuran provided a loan to the businessman belonged to the Syrian Christian community after taking a portion from the loan amount as interest. Later, many businessmen approached Sakthan Thampuran to get loan to run his business. There existed an oral legend behind the starting of the mode of operation of modern kuri companies by the initiative of Sakthan Thampuran.²³ Gradually certain modifications were made in the operation of chit funds and the idea spread to different parts of the world. It was Chaldean Syrian church initiated the steady and technical running of kuri companies in Trichur in the first half of the nineteenth century. They issued pass books to the subscribers as proof for the entry of instalments.²⁴

M.K. Das and Thomas E.M., analyse some of the reasons for why Trichur is emerging as a banking centre in their work on the history of South Indian Bank. They said that towns like Cochin or Mattancherry became important commercial centres due to favourable geography leading to trading opportunities in these towns. However, Trichur emerged as a trading town because of state patronage. They highlight how Sakthan Thampuran, the king

22. Puthezhathu Raman Menon, *Sakthan Thampuran*, *op cit.* K. C. Devika., et al, *op. cit.*, pp. 1682-1683.

23. M. L. Ittoop, “Thrissur’s Own Chit Funds”, in the *Souvenir of Public Library*, Trichur, 2002.

24. Shiney C. N., *Chit Funds; An Alternative Source To Loan - A Comparative Study Of Chit Funds With Consumer Loans In Kerala*, Minor Research Project,, MES Asmabi College, P. Vemballur, Kodungallur, Thrissur Dist., Kerala, 2013, p. 13.

of Cochin between 1791 and 1805, shifted the capital from Mattancherry to Trichur. They cite the following reasons: (a) The Dutch and the British had bases at Mattancherry and were warring for supremacy. In order to avoid quarrels, Sakthan Thampuran shifted the base to Trichur. (b) The other reason was the central location of Trichur, which made governance easier in times where connectivity was poor. (c) The third reason was strategic position of Trichur. Historically, Trichur functioned as a gateway for enemy armies, whether they were the Zamorins of Calicut or Tipu Sultan. By shifting the base, he revealed the military strategist in him. With the shifting of the political base, economic activity too began to move towards Trichur. The king promoted state trading in commodities, taking a cue from European traders. He built a small fleet of ships which he rented to private players, a forerunner to today's coastal shipping activity. He also realized that many towns and villages of the state had product-wise markets. He ensured the prosperity of these markets by appointing officers to oversee the problems.²⁵

2.8. Missionary intervention

P.J. Thomas, a former economic advisor to the Government of India, was of the view that kuries were introduced among Crangannore Christians by Portuguese missionaries who travelled between Crangannore and China.²⁶ The Portuguese set up seminaries and colleges for training the priests for service in the church in the sixteenth century. The earliest of the seminaries was established at Vypincotta village in 1577. They visited Kodungalloor for evangelization and the Portuguese familiarised the chit fund activities in Kodungalloor on the Chinese model.

25. M. K. Das and Thomas. E. M., *op cit.*, pp. 18-21.

26. P. J. Thomas, *op cit.*

In the viewpoint of Edith Jemima Simcox, from the ancient Dravidian times onwards, ‘*Malabar kuri*’ system existed and it is somewhat similar to the systems in China. In China, it developed to what is popularly known today as the Chinese lottery.²⁷ Chit fund is one of the best sources of saving money for low-income groups, salaried people and the self- employed. Whether conveyed from China or native-born it is a fact that in the 19th century, kuri existed in the villages and most prominently among the Christians.

2.9. Pallikkuri in Trichur

The main strength of Trichur’s economy is its financial capabilities. From the beginning of the twentieth century onwards, the St. Thomas Christians started entering the money market and began to play a decisive role in the financial scene of central Kerala. With their intense participation in agricultural activities, particularly in the production of cash crops, most of the Christian agrarian settlements eventually become centres of immense wealth. The Church leaders started kuries /chits at the parish level, with the help of which the spending habit of the Christians was considerably controlled. Thrift and saving habit were promoted among them. Thus a considerable chunk of wealth from the agrarian villages of these Christians was channelized for further productive ventures. Effective disbursement of credit to the various sectors of Kerala society is perfectly done by the banking system in Trichur. From 1800’s onwards, it had played a big role in Kerala’s economy. Gradually, chit fund contributed much to the development of the banking industry in Trichur.

P.J. Thomas opined that, the church managed kuri companies for the welfare of the members of parish. The poor and downtrodden people pleaded for economic help from the church in time of their necessity. Thus the church

27. Simcox, E. J., *op cit.*, p. 568.

authorities prepared an action plan to help its members by the conduct of kuri companies. Those kuries were known as *pallikkuris*. For convenience, the chits were operated on Sundays in the church space and in the initial stage, the subscribers were the members of the church.²⁸

In Trichur district, the churches played an important part in running kuries known as *pallikkuri*. The Lourdes Catholic Church in Trichur pioneered the introduction of Church-sponsored kuri in the kingdom of Cochin. Soon after this, a number of churches in Trichur diocese started a lot of kuries. Daily kuri, Monthly kuri, and Pooval kuries were run by them for micro-savings and microcredit to eradicate poverty among the rural people. *Pallikkuries* were conducted by the churches of Trichur, Pattikkad, Cherpu, Chittattukara, Ollur, etc. for the welfare of poor in the locality.

Even now the churches in Trichur district have played an important role in popularizing kuri in Trichur. Because of this important part played by churches, these kuries are called as ‘church kuri or *pallikkuri*’.²⁹ *Changathikkuri and pallikkuri* were the forerunners of modern kuries. Lourdes Church Kuri started in 1891. ‘*Pallikuries*’ delivered a chance for each individual irrespective of caste or race, to become subscribers. Later, modern registered chit funds began to function in Kerala with special emphasis in Trichur. Thus the social custom evolved as a standard financial institution.

M.A. Oommen has studied in detail the origin and development of banking in Kerala. He explains the origin of banking in Kerala among the Christian community in Thiruvalla in Travancore and Trichur in Cochin. The Christian centres developed banking and commercial agriculture in those

28. P. J. Thomas, *op cit.*

29. M. A. Oommen, *op cit.*, p. 40.

days. The early institutions were predominantly of the unit-banking type similar to those in England in the middle of the nineteenth century. The banks were located mostly in villages receiving deposits from small savers and giving credit to small peasants and traders. Advances were usually secured by land.³⁰

According to M.A. Oommen, among the provinces and states of the Indian Union at the time of independence, Travancore and Cochin topped the list in the range of area and population served by an office of a commercial bank. Long before independence, the banks were founded mostly by one community 'the Christians' who dominated the field for several years.³¹ The Syrian Christians emerged as an important trading and financial class by the nineteenth century. The kuri companies were initiated originally to help church members in financial distress in central Travancore and Trichur areas. The '*changathikkuries*' and '*pallikuries*' inspired people to start independent ventures in Trichur. Monthly Kuri, *pooval kuri* and daily kuri were run by the foreman to mobilise money for development.

2.10. Community Kuri

The community kuri started by Syrian Christians (Catholics) of Trichur attracted the attention of other communities and they started similar type kuries. '*Samudayakkuri*'/community kuri also started for the purpose of helping the poor and ordinary persons to find capital for starting a business or to build a house or to conduct the marriage of their daughter. A sort of inter-community competition seemed to have developed in establishing banks. As the banks grew in number there was increasing demand for their service from the farmers, traders and slowly emerging factory owners. Growing demand

30. *Ibid*, p. 33.

31. *Ibid*, pp. 25-33.

for the cash crops of the state created the need for transforming traditional agriculture and, a demand for bank loans. For those with surplus income from agriculture, the banks provided a diversified asset portfolio. Land which was very much in demand was a highly marketable asset in Kerala and proved a valuable security.³²

During that time, trustworthy families of a locality can run chits by keeping books for recording savings and loans. It was a social custom prevalent in the financial sector to help the people with investment. All people can't become the subscribers of *Changathikkuri* or chit funds run by families. Only friends, kith and kin were admitted into the *changathikkuries*. "Necessity is the mother of all inventions"- As a real expression of this common dictum, we can see the origin of the modern type of chit funds in Trichur. Taking the demands of the people into consideration, community kuries were started.

Simon. M.J, the former Chief Manager, Corporate Communications of South Indian Bank, Thrissur, expressed the view that many kuri companies of Trichur were linked their banking activity into South Indian Bank, Catholic Syrian Bank and Dhanalakshmi Bank due to the regulations made for the working of bank activities along with kuri companies in the twentieth century.³³ Padmanabha Menon opined that, kuries prevalent in Malabar from the 8th century A.D. onwards and the national assemblies got economic assistance from those kuri companies.³⁴

32. *Ibid.*

33. Simon. M. J., (66), Former Chief Manager, Corporate communications of South Indian Bank, Thrissur, interviewed on 12-11-2017.

34. Padmanabha Menon, K. P., *History of Kerala*, Vol. I, New Delhi, Asian Educational Services, 1982.

2.11. Kuri Companies in Trichur

According to Itoop. M.L., there were many factors helped the growth of kuri companies in Trichur. Kuries acted as the instrument for saving and dealer of easy credit. The employment opportunities were also provided by the kuri companies. kuri/ chit helped the needy to run their corporate in industrial field, agricultural field and business field. House construction was another important area to be mentioned by the financial assistance of kuries. The poor parents utilised the money collected from kuri either through lot or auction to meet the expence of the marriage of their daughter. Coast of credit is very low in kuries compared to commercial banks.³⁵

The kalyanakkuri, changathikkuri,pallikkuri, and community kuri evolved in Keralacenturies ago. The Chinese way of kuri/lottery made influence upon our chit/kuri due to the efforts of Portuguese missionaries to promote kuries in Kodungalloor, while their evangelisation activities there in the sixteenth century. The kuri companies served as the easy way to get microcredit for the poor and the ordinary in times of necessity. Chits/Kuries played its own significant role to colour the dreams of an ordinary person. Kuri companies are functioned as a major instrument for micro saving and microcredit. After joining in a kuri, the subscriber can depend upon the 'lot' or auction to find capital for starting enterprises or to meet the day to day financial problems. Chit/kuri is a sort of compulsory saving to an ordinary person. The way of enforced deposit put forward by the kuri companies constrained the ordinary person to save money for his future needs even in wearisome situation. Chit funds accumulated savings through mutual funding. If each subscriber deposits his/her share properly in chit funds, it will help the financial institution to provide the saved amount for lending.

35. Itoop, M. L., M.Phil Dissertation, *op cit*.

Kuri companies are continuing to become the major source of economic activity in Trichur. The effective disbursement of credit to the various sectors of the Kerala society is efficiently done by the Banks of Trichur and played a big role in Kerala's economy from the first half of the nineteenth century. *Chaldean Syrian Kuries* started in Trichur in between 1830-35 by 50 families of the Chaldean church Trichur. In 1891 Lourdes Church Kuri company started. After that, *pallikuries* thrived in Trichur under the leadership of churches. In the twentieth century, many registered and unregistered kuri companies began to work efficiently with high economic potential in the private sector and enriched Trichur district in all fields.

The landlords and peasants of Trichur produced more agricultural goods and amassed enormous wealth. The producing class became the backbone of the economy in the colonial period. During this time, the Tamil '*hundika swamis*'/ *paradesi Brahmins* became money lenders in Trichur. By farsighted their economic prosperity, the landed magnates, who collected huge wealth out of agriculture, entered into chit funds/kuri companies in seeking more profit and they got recognition from the society. The economic face of Trichur district is changed in the post-colonial period and chit funds began to control and transform the society and culture of the locality.

According to All India Rural Credit Survey Report, 1958 the number of registered chit funds in the Travancore-Cochin State rose to 3001 in 1948-49 and it increased in the following years. It was a clear proof for the existence of an organised chit fund system there at the time of state formation.³⁶ The unregistered changathikkuries were not come into the report which flourished in Kerala in every district.

36. All India Rural Credit Survey Report, 1958.

The number of registered chits was increased after the formation of Kerala state. In 1957-58, there were 3,888 chits working in the state and it increased to 4,101 in 1958-59. The approximate annual turnover also increased to Rs.2,056 Lakhs in 1957-58, Rs.1,524 Lakhs in 1958-59 and Rs.1,512 Lakhs in 1959-60.³⁷

Table 2.1. Turnover from Working Chits

Year	No.of working chits	Turn over from Chits
1957-58	3,888	Rs.2,056 Lakhs
1958-59	4,101	Rs.1,524 Lakhs
1959-60	1,810	Rs.1,512 Lakhs

Source: Nayar, C.P.S, 1982, p.165

In 1969, Kerala State Financial Enterprise limited started in Trichur as a Government venture in the financial area. Many chits and projects were undertaken by them for profitable running. Many branches were also opened in the last quarter of the twentieth century. During 1970's, Kerala witnessed an escalating growth of kuri companies especially in Trichur, which could be called 'the Chit fund capital of India' as one among every six chit funds in India is from Trichur.

There were a number of kuri companies functioning efficiently in Trichur district during the twentieth century. Kuries conducted from Trichur have an element of honesty and people joined in those kuries without hesitation. Majority of the subscribers of the kuri companies are farmers, teachers, bank employees and daily workers. Through daily kuri or monthly kuri, they can save their money and they will get a big amount at times of need either through lot or auction. Banks are not in that position to support the people who are in need to get money for the day-to-day necessities of life.

37. Nayar, C. P. S., 1982, *op cit.*, p. 165.

Bank loans are available only for specific purposes. For businessmen and ordinary people, kuri companies were great relief. A list of kuri companies we can see in Trichur which were started through proper registration till 1975.

Table 2. 2. The Registered Kuri companies of Trichur during the Twentieth Century till 1975 were:-

Sl.No.	Name of Kuri Company	Date of Registration	Place
1	Amrithadara Chits and Finance Pvt.Ltd.	01.01.1901	Trichur
2	Digvijaya Chit Funds Pvt.Ltd.	01.01.1901	Kunnamkulam
3	Kandassankadavu Kuries Pvt.Ltd.	01.01.1901	Kandassankadavu
4	The Dharmodayam Company	25.01.1919	Trichur
5	The Parish Chit Co.Ltd.	16.01.1926	Cherpu
6	Kshemavilasam Kuri Company Ltd.	23.09.2027	Trichur
7	The Public Fund Ltd.	06.06.1928	Pudukkad
8	Mukkattukara Catholic Kuri Company Ltd.	19.10.1928	Mukkattukara
9	Ollur Little Flower Kuries Ltd.	19.11.1928	Ollur
10	The Syndicate Chit Fuds Ltd.	06.04.1929	Irinjalakkuda
11	Catholic Union Chittiees Ltd.	19.11.1929	Mala
12	The Dharmaposhana Company	08.01.1931	Irinjalakkuda
13	Mathilakam Kuries Ltd.	23.02.1931	Mathilakam
14	Trichur Kuri Syndicate Ltd.	17.03.1932	Trichur
15	Popular Kuries Ltd.	22.04.1932	Trichur
16	Oriental Kuries Ltd.	19.08.1933	Trichur
17	Mar Appraem Kuri Co.Ltd.	27.02.1934	Trichur
18	The Suburban Chit Funds Pvt.Ltd.	05.11.1934	Trichur
19	The Assyrian Charities Kuri Ltd.	22.06.1935	Trichur
20	Cochin Kuries Ltd.	13.06.1936	Trichur
21	The Employees Kuries Ltd.	19.11.1936	Trichur
22	Thaikkad welfare Chit Company Pvt.Ltd.	01.12.1951	E.N.Guruvayoor
23	The Damien Subsidies and Kuries Ltd.	25.02.1954	Trichur
24	The Bharat Corporation Kunnamkulam Pvt.Ltd.	30.06.1955	Kunnamkulam
25	The New Trichur Co.Pvt.Ltd.	02.11.1960	Kunnamkulam

26	Ollukkara WelareKuries India Pvt.Ltd.	15.03.1961	Ollukkara
27	Senior Traders Kuries Pvt. Ltd	07.10.1964	Kottekkad
28	Bharathakshemam	20.11.1965	Trichur
29	Aranattukara Kuries Ltd	13.07.1966	Trichur
30	Kshemodayam Kuries Ltd	22.04.1970	Trichur
31	Keralodayam Kuries Pvt. Ltd	28.09.1970	Trichur
32	Mannuthy Chit Funds Co. Pvt. Ltd	19.11.1970	Olarikkara
33	Chandini Chits Pvt.Ltd	08.04.1971	Kodungallur
34	Bharathodayam Kuries Pvt. Ltd	19.10.1971	Trichur
35	Keralavijaya Loans and Chitties Pvt. Ltd	24.09.1973	Trichur
36	Janakshema Kuries Pvt. Ltd.	10.01.1975	Trichur
37	Keralakshemam Unique Kuries Pvt. Ltd	06.05.1975	Trichur
38	The Chaldean Syrian Kuries Pvt. Ltd.	04.06.1975	Trichur

Source: list is derived from e-records available in the MCA portal.

Registered and unregistered kuri companies in the Private sector are functioning in different localities of Trichur district. Among these, a lot of unregistered *changathikkuries* were neither listed nor come into account. Since 1975, the chits/kuries were registered in Bangalore because of the strictness of Kerala Chitties Act and after the passing of Central chits Act, in 1982, they flew to Faridabad and Jammu Kashmir for registration.

Foreman of each chit/kuri can conduct a number of kuries according to his efficiency. Under the guidance of churches, *pallikkuries* were conducted in the length and breadth of Trichur district. Groups of friends and families have also steered kuri companies within the circle of their dear and near. During 1975, there is 13 leading foreman in Trichur District who are steering different types of kuries to mobilise savings for capital formation in Trichur district and for the economic development of the locality.

Table 2.3. Leading Foreman in Trichur District as on 31.12.1975

Sl.No	Name of the company	No. of Kuris	Average Sala	Total Sala
1	Forona Church Irinjalakkuda	27	47,989	11,33,715
2	KSFE	21	46,119	9,68,500
3	Dharmapooshanam Co. Irinjalakkuda	30	31,450	9,43,500
4	Damien Subsidies	19	46,216	8,78,115
5	Kshemodayam	27	30,917	8,34,765
6	Dharmodayam	27	25,077	6,77,100
7	Oriental Kuris	15	42,740	6,41,100
8	Lourdes Church Trichur	15	31,315	4,69,735
9	Bharataksheamam	13	35,867	4,66,275
10	Popular kuries	13	32,953	4,28,400
11	Mar Apprem	18	20,966	3,77,400
12	Trichur Kuri Syndicate	12	26,312	3,15,750
13	Assyrian Charities	15	19,970	2,99,550

Source: P.P. Varghese, Ph.D. Thesis, University of Calicut, 1976, p.21

All these thirteen kuri companies conducted different types of financial enterprises to strengthen the savings of the ordinary people. The short-term kuris are mainly conducted by co-operative societies. The kuries with 111 months duration is the most popular in Trichur town. Long term-kuries are conducted mainly by the St. George Forona church Irinjalakkuda. Many of these long-term kuries are *Pooval kuries*. In Trichur district also a few foremen run *Pooval kuries*. They are mainly intended for farmers. They can pay the amount in the lump sum after the harvest.

Table 2.4. Kuries in Trichur District as on 31-12-1975 (Co-operatives and Others)

Name of Office	Co-Operatives	Others	Total
Kodungallur	2	10	12
Mala	10	16	26
Chalakkudy	12	5	17
Kallemtumkara	20	-	20
Irinjalakkuda	19	90	109
Vadakkumkara	2	7	9
Kattoor	8	6	14
Nellayi	1	7	8
Urakam	17	25	42
Mundur	13	2	15
Trichur	80	291	371
Ollukkara	25	25	50
Anthikkad	15	15	30
Kunnamkulam	1	6	7
Vadakkancheri	8	-	8
Chittoor	2	1	3
Chelakkara	1	-	1
Pazhanji	2	-	2
Total	228	506	734
Percentage	31	69	100

Source:-P.P. Varghese, Ph.D. Thesis, University of Calicut, 1976, p.18

In 1975, there are only 228 kuries run by co-operative societies out of 734 kuries in the whole district. When we consider the sala of kuries run by co-operative societies, it amounts to Rs.23, 10,166 out of Rs.1, 52, 72,727 for the whole district. When we take the business of 13 leading foremen in the district (10 in Thrissur town, 2 in Irinjalakkuda and KSFE-1), they control

nearly 55% of the total business in the district. This shows that the business is highly concentrated in the hands of a few.³⁸

In poor rural communities in developing countries, the Savings-led microfinance programmes were operating efficiently to establish groups that save and then lend out the accumulated savings to each other. Non-profit organisations train villagers to create and lead these groups. The kuri companies served as a good agent for micro-savings in the country and played a significant role in financing economic development in Kerala. Till 1970s, the banks in Trichur continued to conduct chit funds for its subscribers in particular branches. Before 1975, the financial contribution of Chits to banks' stability was commendable.

Several provisions of the 1975 Act like auction discount not to exceed 50 per cent of net assets of the company and security to be furnished by foremen were stringent and difficult to obey with, as they were equal to struggling the smooth running of chits. Kerala State Financial Enterprises Limited was the only government-owned chit company in India, which was exempted from the purview of this act. The former Foreman Association president A.P. George said, "the main demand of the foreman is enforcement of the Central Chit Fund Act, 1982, in Kerala, permission to start kuries with unlimited sala, which was not possible under the state act, besides withdrawal of exemption to KSFE Ltd."³⁹ Viewing the success in Kerala, some states have tried to replicate it, but this has largely failed due to malpractices and

38. P. P. Varghese, *op cit.*, p.

39. A. P. George, (60), Former President of Foremen's Association, Thrissur, interviewed on 10/12/2017

manipulations in auction and drawing of lots and in the absence of subscribers.⁴⁰

2.12. Main Reasons For Preferring Chit Funds

- a) The common man approached the chits and kuries for meeting his/her financial obligation to a certain extent. Compared to kuri companies, the process to obtain a loan from banks are very burdensome, needs a lot of documentation, collaterals and guarantors.
- b) Kuri/chitty provides future savings in advance and also it is very convenient and easy to operate.
- c) Saving and borrowing are the two fundamental functions of kuri/ chit. The discount amount of auction will distribute among the subscribers and this monthly dividend in kuri was known as *veethappalisa*.
- d) Compared to start a bank account, the process to join in a chit fund account is very simple. Chit companies do not require much documentation, which is one of the advantages over banks and other financial institutions. Some of the companies, however, ask for income proof and address proof from the new member but most of the cases is not a mandatory requirement.
- e) Till 1975, majority of the chit businesses are functioned without proper registration or approval, so the income from these businesses is out of the scope of Income Tax or any other applicable taxes. As a result, the actual return generated from chitty business is more attractive than bank deposits or other investments.

40. [https://economictimes.indiatimes.com/articleshow.4980817.cms?Chit fund companies on the rise in Kerala](https://economictimes.indiatimes.com/articleshow.4980817.cms?Chit_fund_companies_on_the_rise_in_Kerala).

2.13. Role of Chit Funds in the Economic Growth of Trichur

The chit funds played an active role in the economic growth of Trichur. Chits mobilised the savings from the hands of thousands and provided it to the borrowers and facilitated a financial flow in the district.

In the view point of Warren F. Lee, by adjusting the different behaviour of savres and borrowers, financial help can be given through kuri companies. It will improve the productivity and investment of the community.⁴¹ It is common for the people of Trichur to advice their son or daughter to start a chit when they got a job. Through chit funds, they can save money in a compulsory way. If a necessity comes up, they can auction their chit or take loan from their deposited instalment to get money for the occasion. Even a low-income person can save money through daily kuries or weekly kuries. There are many divisions for these daily and weekly kuries which has great influence upon the poor and ordinary people of Trichur. Moreover, these kuri companies used a major part of their profit for charitable purposes. Thus the subscribers will get a chance to become active in charitable works indirectly. *Lourdes Church kuri company* in Trichur provide their profit to the poor and needy through Lourdes Church Trichur. *Damian Kuri companies* delivered 50% of their profit to *Damian institute at Mulayam*. *Our Lady of Dollars Basilica* does commendable charitable works from the profits of its kuri company. *The Dharmodayam kuri company* has done a lot of charitable works by providing medical aid to the poor patients, giving money for marriages of unfortunate girls, monetary help for meagre students, etc. from time to time.

The Chits/kuri companies in Trichur effectively functioned as an instrument for saving and borrowing. Money mobilised from the 'haves' is

41. Warren, F. Lee, *op cit*.

made available to the needy. The fluidity of the flow of money from sufficient area to the deficit area through the working of chit funds in an easy way is quite visible.

2.14. Rules and Regulations of Chits/Kuri

Chit funds/kuri companies are the inevitable part of the economy of Trichur and its speedy process towards urbanisation. A slow and steady evolutionary procedure can be traced in the full figure of the present day chits/kuries. Today's modern financial institution 'chit funds' developed from the oldest household programme *changathikkuri*. During its developmental stages, different types of laws and regulations were drafted for controlling its work and to safeguard the interests of the subscribers and foreman. From Dravidian kuri and Chinese lottery, the basic rules of the *changathikkuri* were originated. During the course of the time, the new structure took place in the functioning of chit/kuri in Cochin area. The practice of Malabar kuri also influenced the modus operandi of the kuri companies in Trichur. Man in different economic situations act differently and these actions create shape and structure for the chits/kuries as a social custom and transformed them into a recognised financial institution. *Dhanyakkuri* existed during the time of barter based economy and differences arose in the structure and functions of chits/kuri during the time of money economy. Repeated actions help man to understand the mistakes and took correct decisions in its function in the later period. Necessary rules and regulations were created in the course of time for the smooth running of the chit funds in Kerala.

Chit funds can work in Kerala before 1975, either be legally registered as per the regulations of Indian Company's Act or not. Registered chits must work according to the regulations of the state. Chit Fund Acts were passed in Kerala time to time. The chit fund acts were passed to protect and safeguard

the interests of the subscribers.⁴² The Travancore Princely state passed the first regulation regarding the functions of chit funds i.e. The Chits Regulations III of 1094 (1918) . Following the suit, other regulations were passed in Travancore and Cochin such as :-

- The Cochin Kuries Act VII of 1107 in the Cochin area (1931-32)
- The Cochin Starting of Kuries (Restriction) Act XII of 1120 (1945)
- The Travancore Chits Act, 1120 (1945).

These regulated all the aspects of chit funds related to the subscriber, foreman, obligations and privileges of different types of subscribers, punishment and fines for breaking its provisions, etc. These provisions helped to formulate the basis for Kerala Chits Act,1975.

The chit fund acts before 1975 was not applicable in all parts of Kerala. So foreman had many chances to cheat the subscriber. In Trichur, all the chit funds were based on mutual trust and honest conduct of the foreman. But in other districts of Kerala, it was not like that. Chit scam is reported through newspaper in some cases. In majority cases, it was not reported and the subscribers suffered a lot. These incidents discredited the chit fund system to an extent. There felt a need for making chit fund law applicable to the whole state and passed the Kerala Chitties Act, 1975 which came into force from 25th August 1975.

2.14.1. Kerala Chitties Act, 1975

The Kerala Chitties Act 1975 was the first step to control the chit funds in the private sector. Many new changes were applied in the field of kuri companies by this act. The interests of the subscribers were taken into

42. The first enactment of chits was made by Government of Travancore in the year 1914.

consideration. According to this Act, Unless the previous sanction from the government or concerned authorities, no chitty shall be started or conducted by any individuals. Proper registration must be needed. It limits the total chitty amount run by a foreman to Rs.25000/- and the foreman was not allowed to run such type of chitties, the collective amount shall not surpass 50 per cent of the net asset of the foreman.⁴³ Sub-section 2 of Part 11, insists on the distribution of '*Veethapalisa*' (share of discount) among both prized and non-prized subscribers. Discount is limited to 30 per cent of the chit amount. The foreman must execute the bond before the first draw. An amount equal to chit amount must deposit by foreman in the bank as security. The Registrar shall after the termination of a chit and after satisfying himself that the claims of all the subscribers have been fully satisfied, order the release of the security furnished. The foreman shall be entitled to obtain his prize at the first instalment as specified in the '*Variola*' without discount. He is entitled to a commission not exceeding 5 per cent of the chit amount. The rights and duties of the foreman as well as the subscribers, both prized and non-prized, are also specified in the Act. The provisions of the Act specifically explain how the meeting of the general body of the subscribers will be held, the conditions for the termination of chitties, the inspection of documents by the Registrar or inspecting officer, the winding up of chitties, etc.⁴⁴

43. Kerala Chitties Act, 1975.

44. *Ibid*

2.14. Chit Fund Acts after 1975

Central Chit Fund Act 1982, Amendment Act 2002,2012 were important steps taken for solving problems in chit fund business from time to time. Amendments were passed to the existing laws to tackle the situational crisis. To discourage the migration of foreman to outside Kerala was the main objective of the amendment Act of 2002. For this, there is a provision for the removal of the maximum limit of Chit amount.

2.15. The Significance of Kuri companies in the economy of Trichur

Trichur, the cultural capital of Kerala is a major commercial and business hub of South India.⁴⁵ It is said to be the heartland of *Kerala's* business acumen and home to every leading *Malayali* entrepreneur.⁴⁶ The city is the darling of investors in *Kerala*, which is famous for Bullion, Banking and its Business acumen. Trichur city is also referred as the Golden city of *India*.

According to a survey, Trichur city has been placed on 7th among the ten cities in *India* to reside.⁴⁷ The economy of Trichur district owes very much to kuri companies for its development in the twentieth and twenty-first centuries. It significantly affected all fields of life in Trichur. The banks of Trichur took its birth from the kuri companies.

As per the 2001 census, the population of Trichur district is 2,974,232 which constitute about 9.34% of the total population of the state. Of the total population of the district, 839433 is an urban population that is 28.2% of the

45. The Report of the Study Group on Non-Banking Companies under the Chairmanship of James S Raj, 1914.

46. *The Economic times/ Banking/Finance*, 4th March 2009

47. "South Indian Bank sees sunshine in slowdown". *The Economic Times*, 2009-03-04.

total population of the District is in the urban areas of the district. There are 30 urban areas which were located in Trichur Municipal Corporation, Kunnamkulam Municipal Council, Chavakkad Municipal Council, Guruvayoor Municipal Council, Kodungallur Municipal Council, Irinjalakkuda Municipal Council, Chalakkudy Municipal Council, Agathiyoor Census town, Perakam census town etc.⁴⁸

The economy of Trichur transformed from traditional agriculture production to trade and commerce. The roads in Trichur district are considered as the main connecting link between Northern and Southern part of the state. A well-maintained network of railway tracks connects Trichur to all parts of India. Through Pre-colonial, colonial, and post-colonial periods, a great transition took place in the economy of Trichur. The rural economy of Trichur gradually changed into an urban economy. Informal finance in Trichur district is effectively working in providing loans in a convenient way to the needy and to take steps for recovering loans.

Why the people were more attracted towards the kuri companies rather than the banks? Four major factors behind the high participation of kuries were - (a) a mechanism that allows faster acquisition of expensive goods (b) a commitment device for enhanced savings as it helps to alleviate problems of self-control (c) an insurance against risks faced by participants and (d) a platform for social engagement.

ROSCAs and Chit Funds

ROSCAs are groups of individuals who agree to meet for a defined period in order to save and borrow together, a form of combined peer-to-peer

48. *District Spatial Plan*, Thrissur. pmd- Kerala Town Planning, Chapter 8, p. 115. www.townplanning.kerala.gov.in/thrissur.

banking and peer-to-peer lending. They are the oldest and most dominant savings institutions found in the world and play an important role in savings mobilisation in many developing economies.

The ROSCAs are formed from a core of participants just like kuri/ chit funds. The members must pay a fixed sum to a fund regularly which is used to lend to the participants either fully or partially. ROSCAs accelerated the speed of circulation of money. The ROSCAs were acted as an intermediate in between the people who wants to save their money and borrow for a purpose. ROSCAs are popular among the low income category group and actively participate in the capital amassing process.⁴⁹ The money collected (the fund) is given in rotation to each member of the group. Through ROSCAs, the low and middle-income people save even under trying circumstances. The Article of Indira Rajaraman emphasised the importance of ROSCAs as efficient financial institutions in not only developing countries, but also developed countries. In certain cases, ROSCAs were similar to prize chits and other cases, similar to auction chits in India according to the change in nature of its functioning.⁵⁰

ROSCAs were found in diverse forms in different parts of the world. Clifford Geertz and Shirley Ardener were being first to collect comparative material on ROSCAs from different cultural groups. Clifford Geertz collected material from Asia (Java) and Shirley Ardener collected from Nigeria. In 1953, Ardener published a paper on the significance, process and definition of ROSCAs. From early 1960's onwards, the scholars began to study on ROSCAs. Bouman opined that, ROSCAs had high accessibility among the peasants and agriculturists because of its simple procedures. The small

49. World Development Report, "*Issues in Informal Finance*" Oxford University Press, 1989, p. 114.

50. Indira Rajaraman, *op cit*.

peasants deposited a fixed money to ROCAs at regular intervals and collect a huge amount as prize or auction to use for productive purposes.⁵¹

Compulsory saving or forced saving is one of the most important peculiarity of ROSCAs. While becoming the member of ROSCA, one person is obliged to save his money for the payment of instalment just like the case of chit funds. Its role is very crucial in productive agricultural investment. The low and middle-income people aspire to save money even under trying conditions and favoured ROSCAs. The schemes vary considerably from country to country and from group to group. ROSCAs are said to have a role in building social capital. The aims and objectives of the Kuri companies and ROSCAs are more or less same. Variations are seen according to changes in the nature of the locality and the behavioural pattern of inhabitants.

The associations are flexible, accessible and designed to meet user's needs. Arrangements for pay-outs vary and include drawing lots for first turn, by bidding, and by the decision of the chairperson. Sometimes bribes are involved. But there is some evidence of corruption in Nigeria, Uganda and India.⁵² Rotating Credit Associations may be found on four continents: Africa, Asia, the Americas and Europe. ROSCAs were functioned in Japan, Korea, Africa, Kenya, Gambia, Egypt, Zimbabwe, Bangladesh, Nepal, etc. Terminology of ROSCAs varies between countries.

51. Bouman, F. J. A., 1977, *op cit*.

52. W. R. Bascom, "The Esusu: A Credit Institution of the Yorubu", *The Journal of the Royal Anthropological Institute*, 94, (part2)1952, pp. 63-70.

Table 2.5. A List of Names of ROSCAs in different parts of the world.

Names of ROSCAs	Country
<i>Adashi</i>	Tiv, Nigeria
<i>Adesa</i>	Ghana
<i>Akpee</i>	Papua New Guinea
<i>Arisan</i>	Molucca, Jakarta
<i>Asusu</i>	Gambia
<i>Ban</i>	Nigeria
<i>Bayanihin</i>	Philippines
<i>bia huey</i>	Thailand
<i>Bishi</i>	India
<i>Bisi</i>	Pakistan
<i>Cheet</i>	Mauritius
<i>Cheetu</i>	Sri Lanka
<i>Chilemba</i>	Zimbabwe, Uganda, Zambia
<i>Chiperegani</i>	Malawi
<i>Chit fund groups</i>	India
<i>Chita or chitu among Indians and Tamils</i>	South Africa
<i>Chitties</i>	India
<i>Consortio</i>	Brazil
<i>Cundina</i>	Mexico, California
<i>Dashi</i>	Nigeria
<i>Dhikur</i>	Nepal
<i>diaou monai</i>	Ivory Coast
<i>Donen ko</i>	Japan
<i>Dushi</i>	Okinawa
<i>Eqqub</i>	Ethiopia
<i>eso dzodzo</i>	Ghana
<i>Esusu</i>	West Africa, Sierre Leone, Liberia
<i>Esu</i>	Bahamas
<i>Gameya</i>	Egypt

<i>gooi gooi</i>	South Africa
<i>Hagbad</i>	Somalia
<i>Hamamei</i>	Papua New Guinea
<i>Ho</i>	Vietnam
<i>Huis</i>	Korea, Taiwan, China
<i>Ikelemba</i>	Zaire
<i>Ikub</i>	Ethiopia
<i>Iqqub</i>	Ethiopia
<i>Junta</i>	Peru
<i>Kameti</i>	India
<i>Kampani</i>	New Guinea
<i>Kate</i>	Japan
<i>Ke</i>	Japan
<i>Khatta</i>	Egypt
<i>Kitemo</i>	Zaire
<i>Knick-knack clubs</i>	England
<i>Kongsi</i>	Borneo
<i>Kootu</i>	Malaya, Singapore
<i>Kou</i>	Japan
<i>Ko</i>	Japan
<i>Kuholisana</i>	South Africa
<i>Kuttu</i>	Malaysia
<i>Kye</i>	Korea, Japan
<i>Lae</i>	Papua New Guinea
<i>Len chaer</i>	Thailand
<i>Lun hui</i>	China
<i>Mahodisana and stokfel</i>	Sudan, also South Africa
<i>Mekim sande</i>	New Guinea
<i>Ménages</i>	Scotland
<i>Mujin</i>	Korea
<i>Nanamei akpee</i>	Ghana
<i>Ndjonu</i>	Dahomey
<i>Ngwa</i>	Cameroon

<i>Njangi</i>	Cameroon
<i>Nwega</i>	West Cameroon
<i>Ofa; ofu</i>	Nigeria
<i>Out-ota</i>	Nigeria
<i>padner, partner</i>	Jamaica
<i>Paluwagan</i>	Malaya, Singapore
<i>Paluwagin/paluwagen</i>	Philippines
<i>Pander</i>	Peru
<i>Pasanakus</i>	Bolivia
<i>Pati</i>	New Guinea
<i>Pooling club</i>	South Africa
<i>Safina mani</i>	Ivory Coast
<i>Sande</i>	Papua New Guinea
<i>Sandukem khattu</i>	Sudan
<i>Sanduk</i>	Egypt
<i>San</i>	Dominican Republic
<i>Stockvel</i>	South Africa
<i>Suit clubs</i>	Australia
<i>Sundaying</i>	Papua New Guinea
<i>Susu</i>	Trinidad
<i>Tanda</i>	Mexico
<i>Temo</i>	Zaire
<i>Thukur</i>	Nepal
<i>Tontine</i>	French speaking West Africa
<i>Umgalelo</i>	South Africa
<i>Ungalebo</i>	South Africa
<i>Wari monai</i>	Ivory Coast
<i>Xitique</i>	Mozambique

Source: Alaine Low, A Bibliographical survey of Rotating Savings and Credit Associations, Oxfam, Uk and Ireland, 1995, pp.24-25.

This list is a clear proof for the existence of ROSCAs in different parts of the world. The associations are used by all socio-economic classes. Not

only poor people but also bank employees and other government employees became the members of these associations. Membership in some cases is valued for the social contact which may be involved.⁵³The advantages of ROSCAs are the same as those of many other schemes in the informal sector: they are accessible and local, and do not involve travel to a banking centre. ROSCAs influenced the daily life of people just like the kuries or chits in Trichur.

2.16. Conclusion

Chits/Kuri provided a spark in the furnace of the Economy in Trichur. It ignited also to the economic growth of Trichur. From indigenous origin as Dhanyakkuri, it developed into chits/kuri and finally as a well-established financial institution. Chaldean Syrians started first kuri company in the 1830s' followed by *Lourdes Church kuri* in 1891. In the twentieth century, we can see a large number of kuri companies which have flourished in Thrissur as pallikkuries and samudayakkuries. Charitable Trusts, limited companies and individuals started different kinds of chits to accumulate savings and distribute it as credit. People with low income were accustomed to making whatever surplus they can from their limited earnings invested in kuri companies keeping in mind their future needs. The ordinary people were benefitted very much out of these kuri companies in times of their necessities. Charitable trusts were used its 100% and 80% of profit for charitable works as per the terms in their memorandum such as help for the marriage of girls, treatment of poor, educational assistance for the needy and brilliant students and for house repair. In 1969, Kerala State started chitty named Kerala State Financial Enterprises in Trichur. KSFE started many new projects to attract

53. Bouman, F. J. A., "The ROSCA: Financial Technology of an informal Savings and Credit Institution in Developing Economies", *Savings and Development*, 3 (4), 1979, pp. 253-276.

subscribers such as Pravas chitty, vehicle loans, etc. and they were exempted from the strict rules of Chit Acts. *Manappuram Chit funds* started in Trichur as a co-operative venture. There are many unregistered kuri companies which functioned very efficiently in Trichur to add its economy. The chit funds /kuri companies are familiar to the common men of Trichur to find capital for day-to-day initiatives. Kuri companies acted as the agents of mobilising money for micro-savings and micro-credit. Savings through chits/kuries were helped for the capital formation which led to the economic development of Trichur district. From rural, it rose to the level of urbanised and socio-economic and cultural transformations happened in Trichur during the second half of the twentieth century.

There was a lot of chit funds functioned in Trichur in the private sector in the twentieth century either registered or unregistered. Individual foreman or company of friends operated this kind of chit funds. They collected daily kuri from the village households and mobilized savings and rotated it as a loan for the needy persons to find capital for starting a small-scale business. In the rural and semi-urban areas of Kerala, the unregistered chit funds play the role of banks because of the less access of banks to the people in their service. The economic growth of Trichur in the twentieth century owes to a great extent with the well-organized running of chit funds/kuri companies. Trichur became the commercial hub due to the efforts of Sakthan Thampuran and by the financial support from the chit funds in the private sector. Chit funds flourished in Trichur as a mushroom either registered or unregistered. Chit funds changed the course of life of the people in the rural and remote areas of Kerala, especially in Trichur. It was kuri companies which molded the life of many people in Trichur by promoting savings through small amounts. This savings through kuri companies became an asset for them in vital financial requisite. Majority of the members of kuri company were

belonged to the low-income people. They utilised the kuri companies not only to shape their future but also to work for the welfare of the society.

“Even the winds of Trichur have the smell of Kuri companies” - This is a common dictum spread among the older generation of Trichur. Trichur is the abode of kuri companies run by the government, corporates and private sectors. KSFE run by the government, Manappuram financiers managed by corporate agencies and numerous number of chit funds owned by private sectors either registered or unregistered during the last century. The economy of Trichur flourished as a result of the functioning of chit funds. Chit funds mobilized the economy of Trichur for the purpose of development. Peace and order in a country have great influence over its trade and commerce. Trade and commerce of Trichur flew to the heights with the support from administrative machinery during this period. Chit funds played a prominent role in the development of Trichur district in the twentieth century. As a result, the economy of Trichur transformed from rural to urban. Many industries were started in Trichur and it became the commercial hub of brisk trade in silk and gold.

Till 1975, there is no restriction from the side of the State for starting kuri companies in Kerala. There existed Thiruvithamkoor kuri *vaimbu* and Cochin kuri *vaimbu* to control kuries. After the passing of Kerala Chit Funds Act in 1975, the kuri companies of Kerala were registered from Bangalore since Karnataka placed no restriction for chits. In 1982, Central Chit Funds Act passed by disabling the Chit Act of the State. All new kuri companies flew to Faridabad and Jammu where the Central chit Act was not effective.

But in 2012, Amendment of the Central Chit Act was passed. This badly affected the chits/kuries. For starting a new kuri, the foreman must deposit the full amount (No. of subscribers x Instalment Amount x No. of instalment) as security. It is not possible for the foreman to assume how much

subscribers he can attract. Moreover, it is not easy for him to take the full amount in advance as a security deposit. So the age-old kuri companies were on the verge of putting an end to all kuries. According to the Chit Amendment Act, 80% members or subscribers of the kuri must be locals. Nowadays, it is not easy to start a kuri from Faridabad and Jammu because the foreman is not able to make 80% subscribers from there. Chits/kuries run by charitable organisations began to hear the sound of their death knell.

According to new legislation, to avoid fraud, all existing Chit funds should register in the nearby sub-registrar office even though it was registered in Faridabad or Jammu. Very few kuri companies started new kuries obeying the rules and regulations of the Chit Funds Amendment Act passed in 2012. A new type of 'Nidhis' were started in Trichur district to cope up with the present day situation.

CHAPTER III

A COMPARATIVE STUDY OF KURIKKALYANAM AND PANAPPAYATTU WITH KURI COMPANIES

Changathikkuri is a micro financing system evolved from the 'vivahakkuri' which existed among all the rural people with a mentality to help the needy at the marriage of their daughter. When a marriage is being fixed, his or her father would print out an invitation and distribute them among friends and relatives. Relatives, friends, neighbours, and well-wishers who got an invitation for marriage, will present a sum to the father of the bride or bridegroom to meet the expenses of marriage. An amount of money in the form of present will be given in a cover on the eve of marriage and the receiver will write down the name and amount of the donor for the purpose of return it in a future occasion. This gift giving custom which had been prevalent from pre-colonial period onwards continued to the twentieth century and remains even today among Christians of Central Kerala especially in Trichur district.¹ Later, *changathikkuri* started among friends and relatives for this purpose. The present day practice of *vivahakkuri* by Christian churches collecting weekly instalments from ordinary and poor parents on a by subscriber's passbook is of great help to the parents or guardian at the time of the marriage of their daughters.²

'Kurikkalyanam' was a peculiar custom existed in the Malabar region of Kerala. This social phenomenon became an economic trend among the ordinary people of the locality. 'Panappayattu' was a well-established financial institution, which efficiently intermediates between the savers and

-
1. Rosy Antony, (72), Retired Syrian Christian School Teacher, Porathur House, Nellankara, Trichur, interviewed on 10/01/2016.
 2. Sosamma K. V, (60), Srian Christian house wife, Kallukkaran House, Varakkara,, interviewed on 15/01/2016.

investors and played a crucial role in the development of the country by facilitating the financial flow from sufficient area to deficit area. It evolved as a social security measure and all members of society will take part in it regardless of caste and gender. This system got different names like Kurikkalyanam and Panappayattu in different localities. Those days' bank loans were not easy to get and there were no institutional support mechanism. Hence this timely help by the society eases the stress and burden of the people. Both these institutions are based on the Islamic ideology of 'interest-free' financial help to each other. They aimed at the well-being of each and every member of society. Kurikkalyanam / Panappayattu were the diverse forms of chit/kuri, existing even today in different parts of Kerala State. This chapter identifies the disparities of kuri Companies with that of Kurikkalyanam/Panappayattu.

This chapter also examines how the financial institutions like kuri companies/ chit funds, which were an integral part of everyday life, were being represented in literature, cinema, and other discourses. The works of Sarah Joseph, Thakazhi, Kuravilangad Joseph, C.L. Jose, and movie 'Pattabhishekam' have been subjected to a rigorous reading.

3.1. Kurikkalyanam in Malabar

Kurikkalyanam was an indigenous financing system in Malabar and had its beginnings from Changathikkuri. It was an interest-free mutual help programme involving the whole society without any restriction of caste and gender. This was to reduce the risk of taking loans from the bank to face immediate economic necessities. According to the system, each member will get a chance to conduct kurikkalyanam to meet their needs. It was an effective social network to mobilize savings for the needy. This chapter explains the social context of Kurikkalyanam / Panappayattu. Social relationship pattern of the period is also explained while dealing with the mode of operation of this

indigenous microfinance system. This chapter investigates the special features of Kurikkalyanam and how we can apply this system in our present society for its betterment.

Formal and informal financial sectors controlled the structure of the economy of developing countries in the world. The informal financial sectors such as Moneylenders, indigenous bankers, chit funds and other unregistered non-banking financial institutions regulated the traditional and rural spheres of the economy. Most of the informal financial systems in Kerala were concentrated in central and southern parts of Kerala. In the Malabar region, the chit funds and money lending is relatively less. The State Planning Board report, 2004 observed that from the district wise distribution of chit funds in Kerala, only 7.42 percent of kuri companies are functioned in five northern districts of Kerala. 92.58 per cent chit funds are working in the central and southern districts of Kerala.³ The distribution of money lending institution is also present in the same picture. About 80 per cent of the money lending institutions are working in the central and southern parts of Kerala. Only 19.72 per cent of them are located in five northern districts.⁴ The informal financial institutions such as chit funds and money lending are not flourished in northern Kerala due to the existence of Kurikalyanam/ Panapayattu and other indigenous financial institutions. Therefore, the study of Kurikalyanam/ Panapayattu is more relevant.

Kurikkalyanam/ Panappayattu were one of the major solutions for solving the financial problems of bygone societies in Malabar. It was known as '*parasparasahaya Nidhi*' (mutual help fund) or '*palisarahita Nidhi*' (interest-free fund). It was prevalent in the Malabar region from the 19th century onwards and do not know the exact time of its origin. Both systems

3. State Planning Board Report, 2004, p. 509.

4. *Ibid.*, p. 511.

discard the interest based financial exploitation and tried to eliminate the division between the rich and poor.

Kurikalyanam may be termed an association of friendship and pleasure, among the natives of Malabar. It is an entertainment given by a respectable native, at which all his friends who are invited present a sum of money and a certain number of coconuts, plantains, betel-leaves, etc. to the entertainer. The host feeds all those who come and has diversions for the company. An account is kept of what each guest offers, and when these guests in their turn announce that an entertainment is to be given by them, the person who has formerly had the benefit of an entertainment is expected to be present and to make a return at least equal, but in general half as much again, and sometimes double, what he has received. All modern financial institutions are generous to provide loans to the needy. But when one enters into the clutches of these, they found that the repayment of the loan was a life- long process and become bankrupt due to the high rate of interest for the loan. This ultimately led one person to commit suicide in order to escape from the money lender. The indigenous financial institution such as Kurikkalyanam is a good substitute for modern money lending practice. If we regenerate this system with certain modifications, it will be a good solution for present-day financial problems in Kerala. For long years, Kurikkalyanam has been existence in Malabar and almost all economic, as well as social activities of the people of that region are influenced by it.

3.2. Panappayattu in North Malabar

Panappayattu is another term used for kurikkalyanam in some parts of Calicut, some places in Koyilandi Taluk and Vadakara Taluk, Kannur and North Malabar areas. It is a network of money exchange in the locality. If a person required money to construct a house, to buy land, to marry off his daughter, to start a business, to finance education for his children, etc. he used

to conduct a panappayattu. It was not easy to get a loan from the bank and there were no financial institutions to take loans to meet the financial necessity. He will inform the people of the locality about his necessity and a day fixed for panappayattu. The vocal announcement is enough to attract the dear and near to the place of Payattu. On the day of payattu, the person will put up a small panthal with three or four tables and some chairs. The melodious Malayalam movie and drama songs through the Record Players added its attraction, and the limited decoration will ensure the publicity of the event. Gradually, boards have appeared near to the place of the event announcing the date, time, venue and name of the person who will conduct the payattu. In majority cases, the tea shop will be the place of event for the convenience of giving 'theyilasalkaram'. Ladu, mixture, pazham, and tea were supplied and they will sit and chitchat for a while with the sponsor of the payattu and others. It has a socialization dimension also. When they leave, they will donate whatever they can to the organizer who was in crucial need for money. The cash gift will be different sums according to each person's capacity. It will vary from Rs.5/- to Rs.50/- in the 1960s.⁵ Since everyone gives, the organizer gets a substantial amount ranging from Rs 500/- to Rs 2000/-.⁶ An accountant or clerk for the occasion sat at the entrance of the pandal, collected the money and made a note of the contributed sum against the name & details of the contributor. The next time this person is invited to a Payattu by one of the attendees, he looked up his little notebook and repaid a multiple of the sum that was contributed.⁷ Panappayattu was known in another name as 'panam polippicha kali' because of the return amount in double.

5. Rajan Venkateswaran, 'Payattu or Kurikkalyanam, January 26, 2008. also see, rajanvenkateswaran.blogspot.com

6. *Ibid.*

7. *Ibid.*

The panappayattu system has a social aspect which provides a platform for social gathering, irrespective of caste, class, and creed. It makes the entire members of the society engage in some sort of social interaction with each other through this gift-giving activity. To have a gift-giving relationship with one another indicates some sort of close relationship with each other, as any economic relation often provides a base for a close and durable social relationship among persons. In a multicultural society like Kerala, social institutions like panappayattu have greater significance as it cut across religious and political boundaries in bringing people to a common public space. Moreover, it also reveals the group solidarity among the members of the society through gift-giving to each other.

This social phenomenon is not a loan but it is a timely help by society. The organizer will get a long period to repay all those financial help. Whenever on the occasion of marriage, death, house warming or any other financial necessity will come in the house of the donor; he must repay the amount in double. This eases the burden of repayment.

3.3. Nature of Panappayattu

Panappayattu is a network involving the exchange of money. In this system, a series of lending and borrowing can be made by the same person. Initially, he may lend money to some others and when he wants to collect the amount advanced by him, he organizes a panappayattu. As per customs he is entitled to get more than what he has lent (as per the prevailing customs twice of the money lent). Then the borrowers (known as *kutti*) will repay more than what he has paid. In this way, the debtor and creditor relationship or lender and borrower relationships mutually change. This process and chain of lending and borrowing continues for generations, from father to son and so on.

The study made by Abdulla, V., exclusively dealt with panampayattu and analyzed its nature and significance as a source of credit. According to him panampayattu promotes social interaction, co-operation, and communal harmony.⁸ Similarly, Ramzan stated that Kurikalyanam is a model of resource mobilization through mutual co-operation and trustworthiness among the society and in the past, it was a secular mode of finance and a big platform for community living which helped in strengthening the social relations.⁹

Panapayattu Network is a voluntary and co-operative endeavour. A person will get membership in 3 ways.

1. As a successor of father/guardian,
2. By conducting a Panapayattu,
3. By paying money to others when invited.¹⁰

Normally, panappayattu and kurikkalyam were conducted on Fridays especially among the coastal areas where all belongs to Muslim fishermen. On Fridays, they were engaged in religious matters and never go to fishing. So marriages, kurikkalanams, and other functions were conducted on that day. Certain variations will see in kurikkalyanam/ panappayattu according to religion wise and locality wise. Moreover, patriarchal family system existed among the Muslim religion. So the eldest male member of the family will took part in the kurikkalyanam/ panappayattu of the locality.

8. Abdulla. V., *The Role of Informal Sector in Rural Financial System with Special Reference to Panappayattu*, M. Phil Thesis, University of Kerala, Thiruvananthapuram, 2001.

9. Shaheed Ramzan. C. P, *The Impact of Indigenous Financing Systems on the Society: A Case Study of Kurikalyanam in Malabar*, Unpublished Ph. D Thesis, University of Calicut, 2008.

10. *Ibid.*

Women have no role in the economy in patriarchal families. Thus no women participation is observed in those traditional financial institutions.¹¹

3.4. Kurikkalyanam/Panappayattu-A micro financing system

Muhammed Yoonus has inaugurated the micro finance revolution in Bangladesh and it promoted micro savings and micro credit facilities in 1970s. Through his initiative, a paradigm shift is occurring in the economy of Bangladesh. Now a day's micro finance got a new momentum in every country's financial development. Social innovators began to offer financial help to the poor working class people who were considered as 'unbankable because of their lack of security. Once given an opportunity to micro credit, the poor will repay it in order to get that financial help again.

Microcredit and micro saving are always done through panappayattu in a different way. Panappayattu is usually conducted today, to meet wedding-expenses, house construction and buying off the land, etc. Some people also conduct the panappayattu to pay off the debts to banks or money lenders. At the same time, a minority of well-to-do villagers conducts panappayattu at regular intervals of four or five years to get back the money they had given earlier. For them, this system functions as a network which maintains a series of reciprocal relations. To retain the ties with others, they attend all the Panappayattu invited by others and contribute to them. Through this, they got the chance to micro saving. The announcement notice will be posted prior to the event. The practice also helps to cement social relations. It is a link that connects different people. The person only needs to repay the exact amount that he borrowed. Some of them repay not only the borrowed amount but also twice or more than twice the amount that they borrowed. Everything is registered in the Panappayattu book. The book

11. Abdul Kalam, (35), witness of kurikkalyanam, Native of Malappuram, interviewed on 10-10-2016

has records of ten decade-long 'Panappayattu'. The letter dated 1921 from Purameri kovilakom calling for Panappayattu is an example. A record book or 'payattu kanakku' is being kept for maintaining a correct account of the money transactions involved in the payattu. Each 'kutti' has a record book, in which he would register the money, which has been received from the persons on the occasion of his payattu, and also the money, which has given to his kutti's on the occasion of their payattu. When a dispute arises with regard to money transaction, the book will be put to verification. The term 'actual amount' is used to refer to the amount which had given to a kutti when he conducted the payattu. 'Additional amount' means the extra amount/aid received from a kutti at the time of the payattu. Total amount means the sum total of the actual amount and an additional amount. Panappayattu is the sacred remnant of a century-old custom of financial transaction, which is transparent and smooth. Panappayattu are organized with different purposes. In this system, the society undertakes its responsibility of helping fellow-beings to meet their financial requirements. Since, it is the society which provides finance; the purpose must be socially acceptable.

Panappayattu is conducted in village areas as '*gramotsav*' (festival of the village). The venue of the panappayattu is usually a *chayapeedika* (tea shop) or sometimes even the household of the person who is conducting the payattu (short form of Panappayattu). The place where panappayattu is being conducted can be easily identifiable because a palm-tree frond has been tied on the top of the tea shop, clubs or community hall which is also decorated by date-palm tree leaves. To overcome obstacles in life, Hindus who conduct payattu play records of the songs dedicated to Lord Vinayaka, Muslims do play records of Mappila Pattu (Mappila Pattu songs are found in literature form of Arabi Malayalam, a combination of Arabic and Malayalam) and communists mainly play records of revolutionary songs.

But if the payattu is conducted in association with a marriage ceremony, it is usually performed at the house of the person who conducts payattu. There are certain conveniences in arranging payattu in a shop or in a payattu hall. The most important thing is its accessibility. Sometimes a person has to attend more than one payattu in a day, and it is very easy for him to go to payattu hall or a shop, where payattu is being conducted, give the money and go back. Another thing is with regard to the expense, as payattu is usually associated with some kind of food. If one arranges his payattu in the house one has to arrange a better meal, which is more expensive. But if he arranges it in a shop or in a payattu hall he can limit the expense in a tea or tea with some snacks. A survey conducted at Vadakara locality in Malappuram to know about the kurikkalyanam/ panappayattu practices situated there in the twentieth century (Appendix-I). Survey conducted among 30 persons in that locality either they were participated in payattu as borrower or saver. Table 3.1 shows a clear picture of the age of the people who participate in these indigenous practices.

Table 3.1. Age group of people in panappayattu/ kurikkalyanam programmes

Type	Above 70 years old	Below 70 years old
As borrower	8	09
As saver	2	11
Total No. of participants in the survey	10	20

Source: Survey at Vadakara and neighbouring places

What are the main reasons which encouraged them to conduct panappayattu? Which reasons or logic endorsed them to participate in the panappayattu programmes? In order to find answer for this, survey and interviews were steered.

Table 3.2. Main reasons which encouraged the people to conduct panappayattu

Purpose	Respondents above the age of 70	Respondents below the age of 70
To conduct marriage	6	16
To construct house	2	3
To start business	1	1
To buy a land	1	0
Total	10	20

Source: Survey at Vadakara and neighbouring places

In this, majority of people participate in panappayattu or kurikkalyanam for meeting the expense of the marriage of their daughter. They received the help at the time of necessity and return it when the second party need it.

3.5. Kurikkalyanam/ Panappayattu: A Gift-giving

In rural areas of Malabar, Panappayattu is a money gift, based on mutual trust. Through his book, *The Gift*, Marcel Mauss could establish the fact that gift as a human practice becomes an important institution in primitive society. Neither did he deny the fact that modern society firmly based on market exchanges nor did he mentions that primitive society was controlled by the gift practices.¹² Although institutions are made up of human practice, the structure of the society will influence upon these practices. Gift enables us to think in terms of how human nature is closely connected with the material reality or else, how the material world influences the perceptions of the human mind. Money, modernity's motor pulls the gift as an institution.

12. Sasikumar, *Panapayattu as Money Gift: Understanding a Complex Gift Practice in South Asia*, 2015, pp. 1-16, in <https://www.academia.edu>.

In the *Gift*, it seemed that Mauss tried to answer one question seriously, why one should be obligated to the gift one receives from a person? His answer to the question was somewhat indefinite as he suggested that the gift has occurred in response to 'hau' the spirit of the gift which entailed in the various gift practices he analysed. In various gift practices Mapula, Kula and Potlatch, 'hau' the spirit of the gift insist a person give back for what one receives. Though his study was a comparative one, he tries to found out a universal reason attributed to it as it surmounts to the reason provided by the utilitarian market principles that individual interest as the underlying mechanism for all the human exchanges. Following which, various scholars who had attempted to study gift practices reinvented this dichotomy entailed in Mauss' *Gift*.¹³

Gift giving is an interesting, universal behaviour that has yet to be interpreted satisfactorily by social scientists. Anthropologists have been fascinated by it, after the publication of Marcel Mauss' '*The Gift*' in 1924.¹⁴ As a form of reciprocity or exchange, gift giving is one of the processes that integrate a society. Schieffelin views the giving of gifts as a rhetorical gesture in social communication. Exchange objects have a symbolic dimension and gift transactions can be understood as expressive statements or movements which mediate cultural meanings. Gift giving, then, is properly a vehicle of social obligation and political maneuver.¹⁵

What Mauss saw in *Gift*, as Emile Durkheim insisted in his '*On Morality and Society*' was that the 'moral consciousness' or the 'moral

13. Marcel Mauss, *The Gift*, 1924. London, English edition published by Cohen & west, 1954.

14. *Ibid.*

15. Edward Schieffelin, "Reciprocity and construction of reality", *Man*, 15(3), September 1980, p. 502.

conscience' of people is the building blocks of society.¹⁶ Political science and economics cannot alone understand the institutions that propel the 'moral consciousness' without which Durkheim explains, society might not have been existed. Gift is an institution depended on the moral consciousness in society. It is counter to the understanding of what we think in terms of individual satisfaction as the motto being preached by capitalism. The architecture of gift, Mauss claims, 'to give, receive and return' have not meant only for individual satisfaction but inclined to human sharing which satisfies the individuals who gives and receives as part of collectivity. This experience of give and receive integrate human being through sharing create emotional bond, Mauss identified it as 'human solidarity'. Although for Mauss, neither could have this solidarity always been equal nor just. The forms of human solidarity, more or less, are shaped by the structure of society.

The activities involved in the panappayattu can be called as reciprocity as it is a type of 'gift-giving' among families. Karl Polanyi and his associates suggested that economic activities have fallen into three main patterns of exchange, viz., reciprocate, redistributive and exchange. In reciprocity activity the 'goods or services' are given because it is traditional to do so; the only principle of calculation is the loose principle that the giving and receiving of goods or services should balance out among the exchanging parties in the long run. Panappayattu functioned as an efficient agency for microfinance in the Northern parts of Kerala. The social custom existed in the nineteenth century now transformed into an economic institution which is well established and well-practiced.

Resource pooling aspect is the most important feature of panappayattu. When a person met with a financial crisis, such as marriage,

16. Emile Durkheim, *On Morality and Society*, Robert N. Bellah (ed.), Chicago and London, The University of Chicago press, 1973, pp. 200-250.

house building, disease, etc., he send an invitation letter to a certain number of persons to whom he has payattu relations (kutti relation) or likes to make payattu relations, stating that “I am going to conduct a payattu on a particular day at a particular place, and I invite you to the same”. The venue of the payattu is also mentioned in the invitation. If the payattu is conducted along with the marriage ceremony the matter is mentioned in the marriage invitation. The invitation is usually sent before a month or at least a week prior to the date of the payattu so that the kutti can save money in advance. The invited persons (*kutti*) will arrive at the venue of the payattu on the specified day, and hand over the amount to the person, who is conducting the payattu. If he met with some inconvenience he will send the amount through another one. At most care should be taken to pay the amount on or before the day of the payattu as the failure of which would be taken as a ‘prestige’ issue.

A lot of lapses could be found in returning the amount at the occasion of the panappayattu day itself. Usually, the amount which he must have to pay will be returned next day or next to next day. If it is not returned, we are forced to ask the person about the inconveniences about it. In case, it is forgotten by any other reason, the person who would apologise for not attending/returning the amount and would inform when he would make the return. If someone is not paid the amount due in his name after the repeated requests, his name would be removed from the ‘*payattu kanakku*’. Those who make the gap in returning the amount in panappayattu will be unwelcomed and be treated with disrespect. Nowadays, there are many people who make lapses in returning the amount. In earlier days, if anyone did not make the amount, by the end of the event those who are left in the venue come together and lit a lantern (made of dried coconut leaf is called ‘*choot*’ in colloquial Malayalam.) and visit the person's house to ask why he is committed such serious omission. Though, he forgot or any other reason for not returning the

amount is considered as a serious mistake and the person who would be treated as an irresponsible person with contempt. The social practices, social customs, traditions, relationships etc. we can see through the rules, regulations and nature of Kurikkalyanam/ panappayattu.

3.5.1. Social dimensions of gift giving

Bagozzi demonstrates the relevance of social exchange theory to consumer behaviour.¹⁷ In his excellent review of gift-giving behaviour, Belk attributes four functions to the gift: communication, social exchange, economic exchange, and socialization.¹⁸ Each of these functions reflects the others and further highlights the importance of exchange.

Kurikkalyanam / panappayattu offer the chance for the people of the locality to communicate each other by chitchat while sitting in the panthal and opportunity to social and economic exchange. The process of socialisation took place there automatically. Each and every person can participate in the network of fund raising for meeting a crucial economic need of a person in their society. Social relations began to develop through this indigenous financial institution of the Malabar region. It is considered as a social responsibility to help each other in a critical situation of the member of a society. A social bond was created in between the members of the society.

The panappayattu system along with its economic function provides a platform for social gathering, irrespective of caste, class and creed. It makes the entire members of the society to engage in some sort of social interaction with each other through this gift-giving activity. To have gift-giving

17. Richard P. Bagozzi, "Social exchange in marketing", *Journal of the Academy of marketing science*, Vol. III, No. 4, SAGE Publications 1975, pp. 314-327.; Marketing as an organized behavioural system of exchange", *Journal of Marketing*, SAGE publication 1974, pp. 77-51.

18. Russel W. Belk, "Gift-Giving behaviour", in Sheth, J.,(ed.), *Research in Marketing*, vol. 2, Greenwich, JAI press, 1979, pp. 95-126.

relationship with one another indicates some sort of close relationship with each other, as any economic relation often provides a base for a close and durable social relationship among persons.¹⁹

In a multicultural society like Kerala the social institutions like panappayattu have greater significance as it cut across religious and political boundaries in bringing people to a common public space. Moreover it also reveals the group solidarity among the members of the society, i.e., through gift-giving each other.²⁰

Naturally, in panappayattu/ kurikkalyanam, the return amount is double. If the *kutti* wants to cut his payattu relation with the person, who is conducting the payattu, he give only the exact amount what he had received from the payattu person, in the former case only five hundred for five hundred. Panapayattu networks as an economic institution is entangled with several social and cultural aspects of the village life. Panapayattu is widely seen as a daily affair in the villages immediately after 'Onam' and till the end of May-mainly between October and May. The season is strictly maintained. June, July and August is considered to be rainy season and people cannot go out for work, most of the people are jobless, very less income could be expected and people would try to meet the two ends of life in difficulty. Whoever breaks this code of conduct would be punished not directly but indirectly. Social exclusion or ostracism is a mechanism which is effectively implemented when certain social codes are broken in the case of panapayattu. The members of panapayattu Networks strictly follow the rules.

19. Das and Das, *Das ordinary ethics*, 2010 in <https://www.academia.edu>.

20. Sasi Kumar, *op cit.*, p.5.

Panapayattu is a socially approved mechanism of acquiring money prevalent in the North Malabar region of Kerala. As a popular institution it seems to have had a complex history. Initially it was an intracaste affair which during the post-independence decades evolved into a village institution cutting across all caste and religious groups.²¹ A brief survey of panapayattu Network shows the transformation occurred in case of panapayattu before and after Independence. During pre-independence period, jati payatts were conducted among Ezhavas and Thiyyas due to caste prohibitions.²²

3.6. Similarities with Kuri companies

Just like Kuri Company helped ordinary people for saving and borrowing, kurikkalyanam / panappayattu also facilitated people of a locality to save and borrow through micro-financing. The organisers have used panappayattu as a source of long-term debt. In panappayattu, repayment is usually double and Non-payment involved gross public humiliation and many villagers even courted suicide, just like interest of kuries over loans and auctions may lead to suicide by poor persons. Kuri/ chit provided a platform for social mingling. Panappayattu has helped to promote and maintain communal, social, and political harmony and integrity among the people of the area through mutual-help and mutual co-operation. Purpose of kuri and panappayattu were same, i.e. to meet the financial necessity of the ordinary people. These two financial institutions were agents of mobilising savings for capital formation through micro savings. Both these institutions channelize money from sufficient area to deficit areas. These indigenous financial institutions were a great relief for the lower strata of the society.

21. *Ibid*, p. 14.

22. *Ibid*.

3.7. Disparities with Kuri Companies

Even though Kurikkalyanam /Panappayattu had certain similarities with Kuri company, there were some disparities also. Panappayattu is considered as a gentlemen's agreement restricted to males. If a household headed by female wants to organise panappayattu, it will be conducted in the names of her son or other responsible male members of the family. Whereas women can conduct kuri companies and act as foreman. Women are allowed to become members or subscribers of kuries. The subscription of kuri/ chit was provided to each and every person irrespective of caste and gender. The repayment of the loan is made compulsory by legal norms. Interest of the loan was also fixed at the time of taking loans from the kuri company. Whatever one person was able to collect by having payattu, need not be given at once. It should be given only when the persons who have given him contributions when they conduct the payattu. He has now enough time to give the money back for which there is no interest. But, according to the custom, while he returns the money, it should be double the amount that he has received from each person when he conducted payattu. This is an unwritten law.²³ Kuri/Chit was familiar among the people of central and south Kerala whereas kurikkalyanam/ panappayattu were familiar among the Muslim community of the Malabar region in Kerala.

The Moplah Kurikkalyanam is a bit different from kuri companies. Typically conducted among the Moplah's and Muslim fisher folk in North Malabar, a Kurikalyanam is an invitation to a feast to which the guest is expected to bring a cash gift. It is also called 'payattu' in some parts of Malabar.²⁴ It is either held in a tea shop, hotel or the portico of the house of

23. *Ibid*, p. 13.

24. Abdul Kalam, (35), witness of Panappayattu, Native of Malappuram, interviewed on 02-10-2017.

the receiver. When the host in his turn is invited to a feast by one of the guests he is expected to return double the amount, or less if he is perceived to be poor. Thari kanji is served and usually some music blares out from loud speakers meant to announce the event held under a pandal with some coloured ‘Jamukalams’ lining the sides or a palm-tree frond has been tied on the top of the tea shop, clubs or community hall which is also decorated by date-palm tree leafs. The compulsion of repayment was always moral, not legally enforced. In modern times, anybody could attend the feast and pay as he could or wished for the food eaten. The kurikkalyanam was thus a fund raising festival, involving a number of members of the local community.²⁵

3.8. Sadiru

‘Sadiru’ is another form of kurikkalyanam/ panappayattu. In Kannur, there is a practise existed to give vegetables, grocery and other consumable goods to ordinary, poor and needy persons as loan and the account will be written in a book as ‘pattu’. This ‘pattu’ account must pay at the end of the month when that person got salary. Usually, majority persons paid the amount correctly but there will be certain exemptions. After giving many chances to return the amount, the shop keeper will search for another way. In order to get back the amount, the shop owner will conduct a payattu, which is known as ‘sadiru’. Just like Panappayattu/ kurikkalyanam, all the arrangements were made there and musical records will be play to announce the event. He will invite all the persons who have ‘pattu’ in his shop by saying that today is my ‘sadiru’ and you must come and pay off your ‘pattu’. Limited decorations and tea party were arranged by the shop keeper for

25. “History of Chit”, in Integram Software/in Integra Developing Integrated Thoughts, 2015, p.1.

them. Normally, it is the social custom that all 'pattu' members must present there and pay off their debt in the shop in that particular day.²⁶

3.9. Harambee

There are different types of mutual help programmes existed in different parts of the world for the harmonious life of the people irrespective of economic inequalities. Harambee is a Kenyan tradition of community self-help programme like fund raising for community development activities. Harambee literally means 'working together for a common purpose'. Harambee embodies ideas of mutual assistance, joint effort, mutual social responsibility and community self-reliance. Therefore, it is an informal development strategy of the people, by the people and for the people.²⁷ Different types of harambees were working in Kenya such as with the purpose of meet the expense of education, treatment, provision for basic needs, etc. Aided by the government, harambee self-help projects were executed in Kenya. Schools, health centres, dispensaries, nurseries, bridges, roads etc. were built in Kenya in the twentieth century.²⁸ Through these harambee projects, the basic needs were provided to a large number of rural people which fostered further development of their country. The government will monitor the projects of harambees. In order to increase production, productivity and create more employment, new projects were approved by the government such as cattle dips, fruit tree nurseries, afforestation projects,

26. Jineesh. P. S., (45), Witness of 'Sadiru' in Vadakara, on 15-03-2019.

27. Joshua J. Akong'a, "Drought and famine management in Kitui district Kenya", In D. W. Brokensha and P. Little, (eds.), *Anthropology of Development and change in east Africa*, Boulder, Westview press, 1988, pp. 99-120.

28. Jim Bailey, *Kenya: The National Epic*, Nairobi, Kenway publications, 1993, p. 169.

fish ponds, agricultural processing factories, etc.²⁹ It brought changes in the life style of the Kenyans and brought socio-economic equality. Harambee has fostered the spirit of co-operation and understanding among various communities of Kenya and brings an ethnic harmony among them. Through harambees, we can see the success of the government projects for the benefit of the lower strata of the society in Kenya with their co-operation and this make a difference to the development of Kenya from other African regions.³⁰

Self-help groups are social groups that have economic objectives and functions. They will promote and find solutions of the social and economic needs of its members. Harambee is a model for partnership programme of the government and people of Kenya to make the betterment of the quality of life of the Kenyans.

3.10. Thrift and Credit Programmes by Kudumbasree

Thrift and Credit programme started by Kudumbasree members of Malappuram was a modern attempt to revive the traditional kurikkalyanam/panappayattu.³¹ Weekly thrift led to taking loans from their own savings and this self-help group decided to take a 2% per month interest rate for loans. Every member decided to bring a pre-decided amount in every week and the total collection will deposit in a bank as the joint account of the president and secretary of the group. After some months, they start to take loans from their own savings. This system is used by the members for fulfilling their needs such as consumption needs, contingency needs, festival needs, and income

29. Chieni, Susan Njeri, *The harambee movement in Kenya the role played by Kenyans and the government in the provision of education and other social services*, Tripod, 1997; Bolswa97. tripod. com/cheni. htm.

30. Sr. Mary Tomsy F. C. C., (70), African Mission, Kenya, interviewed on 20-01-2018.

31. thekudumbasreestory. info/index. php/what's-kudumbasree/.../thrift-and-credit.

generation needs. By this 'thrift and credit' programmes, the saving mentality of poor people were encouraged and those who are financial need, were got loan with a little interest rate. It was very useful for the women of the lower strata in the society. This system can be developed and make a financial system in present day to meet the financial crisis.

3.11. Kuri/Chitty in Fiction

Fictions will clearly picturise the existing traditions, customs and practises in the society of a particular region. Historicising fiction is an attempt inaugurated by Paul. A. Dawson through his *Historicising 'craft' in the teaching of fiction*. The essay argues that a diachronic approach to the teaching of craft will enable formal elements of fiction to be used as heuristic devices for historicising writing samples, thus opening up possibilities for refining and adapting these elements to the concerns of contemporary writers.

'*Alahayude penmakkal*', of Professor Sarah Joseph obviously portrays the chit funds/ kuri system which existed in Trichur during the twentieth century. Her own personal experiences as a resident of Trichur can be easily seen in the novel. The novel is well known for projecting the regional, cultural and historical traits of the Trichur area. This Malayalam novel which explains 'Karutha Kunjaram' and 'velutha kunjaram' provide a detailed description about the conduct of kuri companies by women foreman in Trichur.³² 'Karutha Kunjaram' was the typical example of honest and trustworthy foreman who conduct kuri for the well-being of his /her fellow beings. Kokkanchira is a place near to Kuriachira in Trichur. The inhabitants of this area were poor '*thotties*' who were engaged in scavenger duties. They have no money to save or deposit in the bank. The day to day financial

32. Sarah Joseph, *Alahayude Penmakkal*, Thrissur, Current Books, 1999, pp. 65-70.

activities of the people were in a very insecure condition. Informal financial systems such as kuri/ chitty is a boon to those people. Kuri/ chit funds were conducted in Trichur during that time with the purpose of savings cum borrowing. 'Karutha Kunjaram' was very strict in the conduct of kuri system. All the subscribers are very happy to get the prize money at correct time and they were eagerly made the instalments correctly on every month. She never took the *kurippanam* for any other purposes. So her kuri company was based on trust and the people of the locality can save their money through chitty system. But the men of the locality did not get chance to chitchat by sitting in her house. Majority of her subscribers were women and men went to the house of velutha Kunjaram for joining in kuries.

'Velutha Kunjaram', was very beautiful and smart in conducting Kuri Company in Kokkanchira. She attracts all men of the locality through her white skin tone and special type of dressing. She provided the chance for men to chitchat in her house and asked the 'prize money' from the subscribers to circulate that money for moneylending to get more interest. Side by side with Kuri Company, she used to lend money with high rate of interest and earn more money. She made foul play towards the men subscribers with her fair colour, and their wives were made conflicts with velutha Kunjaram. She is the model for present day cheating by kuri companies/chit funds. The chit fund operations and social contract of the subscribers were explained in this novel. It was a clear proof for the existence of Kuri/chits in Trichur in the twentieth century.

In the first and third volumes of *Thakazhi Sampoorna Kathakal* made references about chitty in two stories. The story, *Chitty pidichu* in volume one provided the events in the life of Gopi, the subscriber of a kuri.³³ Out of

33. Thakazhi Sivasankara Pillai, *Thakazhi Sampoornakathakal*, vol. 1, P. Venugopalan (ed.), Trichur, Green books, 2015, pp. 458-469.

his very limited income from the job in a hotel, he became the subscriber of a kuri to save his money for a better fortune. Strictly he paid instalments at correct time and enjoyed in the increase of his savings. He had a dream to start a business by auctioning his kuri amount. After the auction for a high discount, he found that it is necessary to provide two salaried personals must sign for guarantee as security purpose. It was not easy to get officials who have Rs.100/- as monthly salary for security. So he must give the landed property as security to get the auction amount. His house was given as security even after the indifference expressed by his parents. Later, he lost the job in the hotel and never started the business. His house also lost to the hands of the foreman of the kuri due to the failures in instalments. The sad plight of a subscriber who auctioned his kuri was depicted through this. In this story, the information related to kuri such as Instalment, kuri receipt, auction of kuri amount, security to be given to get auction amount, high rate of interest for making default in instalment, foul play of foreman, fate of poor men, etc. were clearly delineated.

‘*Chittikkarii Kochunani*’ in volume three, is the story of a young lady named ‘Nani’ who is conducting a kuri.³⁴ She was very strict in kuri matters especially installments by subscribers in correct time and providing prize money. A large number of subscribers joined in her kuri due to the trust worthy conduct of kuri business. Her family life was a tragedy. She has no children and her husband have no job. Slowly she began to use ‘*kurippanam*’ for her husband's expense and later, she hadn't enough money to provide prize amount at proper time. This created clash in between the foreman and subscribers. On one morning, Kochunani and her husband left from the locality and subscribers became in a dilemma. After some months,

34. Thakazhi Sivasankara Pillai, *Thakazhi Sampoornakathakal*, vol. 3, P. Venugopalan, (ed.), Thrichur, Green books, 2015, pp. 11-120.

her letter comes to the house saying that, she will return all the amounts of the subscribers slowly. The neighbours and subscribers understood the situation and forgive all her defaults. In this story, the mode of kuri operation is described in detail. The mentality of foreman and subscribers were pictured in words in every critical situation. Chitty scam and its consequences were also pointed out in this story. It throws light to the conduct of kuri companies in different parts of Kerala. In the light of this story, we can read the merits and demerits of kuri/chits and its impact in the lower strata of the society.

Murali Kattakkada wrote a poem named *Kannadakai venam* expressed the life and fate of poor and ordinary people who became a victim in the trap of high rate of interest for a loan or auction of a chitty, or lend money from a moneylender.³⁵ When we try to read in between lines of the poem, we will meet the sad experiences of life. It reflects the social problems and fall of cultural values. “*Pottiya thalicharadukal kanam, pottamadyakuppikal kanam, palisapattini padikerumbol purakile mavil kayarukal kanam, tharayiloralpam chorayil koonanurumbira thedal kanam.....*” These lines express the pathetic conditions in the modern society due to high rate of interest for loans. Poverty and hunger was the daily visitors of such houses. They can't repay the debt and it will become a lifelong process. It will lead to a number of suicides in the lower strata of the society. Poet says that we can see that, ropes were tied in the mango tree which stood behind the house, to commit suicide. There is no answer to their questions about the future.

Kuravilangad Joseph portrayed the life of a Syrian Catholic person named Avirachan who was engaged in conducting chitty business in his

35. Murukan Kattakkada, *Kannadakai Venam*, Karmmayodha album, 2012.

historic novel *chully*.³⁶ His chitty business flourished for some time. Unexpectedly, his chitty business was broken on one day due to the swindle of Kuttichan. Avirachan hesitated to escape with whatever was left when his chitty business was crushed and honestly sold off his property to reimburse all the money of his investors. Avirachan and family decided to painfully part with their native land because they became impoverished overnight as their chitty business crushed despite leading almost saintly lives in Travancore. He lost all his expectations and migrated to Malabar only to die of Malaria. In the absence of his father, all burdens of his family fell into the shoulders of his son named Johny, who was very young. He flourished in the virtuous path in all circumstances. Kuttiyachan of ‘*chully*’, who swindled Avirachan and family, has a tragic end. He jumped into the river in order to flee from the police. Mathachan, the brother of Avirachan, with his wife Achamma, who denied the share of paternal property to his brother and hesitated to extend a helping hand to the latter who was in trouble, were tricked by Kuttiyachan and they lose all their possessions. Moreover the family met with a tragic end. In this novel, Kuravilangad Joseph depicted the life of migrated Syrian Catholics from Travancore to Malabar. He also belonged to that category and experienced the hardships of those days and years. The conduct of chitty business in a good and modest way by Avirachan was illustrated by the novelist. The swindle of Kuttiyachan created all troubles. The greed for money was the villain of this novel. As a good and trust worthy foreman, Avirachan solved all critical situations and returned the money to investors. This was a model to modern foreman who left the country at midnight by taking the whole money of the subscribers.

36. Kuravilangad Joseph, *Chully*, Cochin, Prathiba publications, 1977.

Thee pidicha Atmavu, the play authored by C.L. Jos also expresses the utility of kuri to meet a critical financial situation.³⁷ Sri. C.L. Jos had the long years of experience as an accountant in Bharathakshemam kuries, Trichur helped him to use his pen to rebel against the social evils such as asking capitation fee for appointment in Schools by the Manager from the eligible candidates. In his play, Eyyunni *muthalali* is conducting a school and he was the manager of that school. He had a son who was not efficient to take Teachers Training to appoint in the school. Under this *muthalali* there are many servants and *kudiyar* in the agricultural land. Korathu was one among the servants of Eyyunni *muthalali*. Korathu and his wife Kunjeli are very poor and led very simple life. Their daughter Thankamma passed TTC and seeking for a job in the school run by Eyyunni. Manager of the school demanded a huge amount as capitation fee. Thankamma and her parents asked help from Eyyunni but it was not allowed. Within a time limit, he asked that amount. Parents of Thankamma become so sad and they can't make such a huge amount immediately. No one was ready to give loan to them. Finally, at 2pm of that particular day, Thankamma approached the kuri company to take loan from the deposited instalment. Even though the time to provide cash through kuri company account was over, by witnessing her helplessness, the accountant became lenient and passed the loan. Collecting the loan amount, Thankamma approached the school Manager to give the money for the appointment as school teacher. But the school Manager understands that his son is fall in love with this pretty girl who was very poor and he refused to accept the money by saying that time is over. C.L. Jos appreciates the kuri system in providing a timely help for the poor and he wants to ridicule all school Managers against their illegal practice of asking money from the teachers for appointment. His all works were reflecting the existing systems in the society.

37. C. L. Jos, *Thee pidicha Atmavu*, Trichur, published by the author, 1963.

3.12. Kuri/Chitty in Films

'*Pattabhishekam*' is a popular Malayalam film which depicts the aspect of auction in chitty business.³⁸ Foreman, subscribers, chitty operation, chitty auction, etc. come into consideration during the development of the script. Film star Jayaram enacts the role of Vishnu, the youth of a middleclass Hindu family who has to shoulder the financial burdens of the family. His father, a priest in the temple spends most of his time in religious matters. In order to find money for conducting the marriage of his two sisters, he takes loan from the bank by giving his house as security. Vishnu being unable to repay the loan, has to face the measures taken by the bank to seize the property. Moreover, he has borrowed from many others in the locality to tackle the financial necessity in his house. To solve the economic problems, he auctions kuri at a high discount. Bhakthapriyam chit funds, its foreman, subscribers, process of a chit auction and many relevant details are pictured in this film. The subscribers are eager to auction their chit as a remedy to handle the immediate economic necessity. The feelings of each subscriber are clearly portrayed in this film. Film studies used for locating historical data and film flash light on different aspects in the society.

3.13. Conclusion

All modern financial institutions extend their help generously to each and every needy person. But when one receives the help from such money lending institutions, they are actually letting themselves into the clutches of those institutions due to high rate of interest. They will definitely be unable to pay their debts out of their limited income. Automatically, they are forced to sell whatever they have, to be freed from this debt. Those who have no property to sell, will have to take another loan to solve the problem. If it is

38. Anil Babu, director, *Pattabhishekam*, Malayalam film, 1999.

not possible, they seek refuge in suicide which has become common news even not worthy to be reported. Today, such kinds of suicides are increasing in Kerala and it is time to find solutions for this problem. An alternative financial system is necessary to save the lower strata of the society from the clutches of high interest .

If we could regenerate the financial institutions like kurikkalyanam/panappayattu in a scientific manner after rectifying the former errors, it would bring a marvellous change in the present plight of Kerala society. Thrift and credit system is a new initiative on the part of Kudumbasree at Malappuram. These types of new ventures must collaborate with kurikkalyanam/panappayattu programme with certain legal obligations. The interest rate must be defined and limited for loans.

As an unwritten law, the return amount of kurikkalyanam used to be double. If the occasion arises, naturally it will be a burden to the 'kutti'. So it is necessary to fix the return amount according to the time duration. Otherwise it will be a burden for that particular person to return the double amount within a short period.

Greed and crookedness must be avoided from the hearts of the new generation in order to practice the new version of the indigenous financial institutions in Kerala society. Mutual financial help during the time of a crucial necessity among the members of a society will create a bond of relationship stronger than the blood relation. The number of suicides will decrease and eradication of poverty and economic inequalities will come into effect through reviving these types of indigenous financial institutions for the betterment of society. A new economic revolution will occur in Kerala by the revival of a modern scientific form of kurikkalyanam /panappayattu.

CHAPTER IV

SCHEDULED BANKS IN TRICHUR AND THEIR RELATION WITH KURI COMPANIES

The history of banking in Kerala is quite interesting and remarkable. Financial intermediaries have existed much before banks came into being. Kuri or chitty has been handed down from the ancient time onwards and it is still resorted to by those desiring to raise an amount for some special purpose. These kuris evolved for over years and perhaps the oldest forms of financial intermediation. History shows that The Roman Empire, made loans and accepted deposits performing the role of circulation of money, with temples as their base. The “Rua” or debt in the Vedic literature proves the authentic history of banking system. In Ramayana and Manusmrithi we can see the seed of this money lending business. Manu, the lawgiver, wrote the rules and regulations related to credit such as the interest of loans on bankers, usurers and even of the renewal of commercial papers.

The history of mankind with a probability of credible records has a beginning in and around 2000 B.C. The barter system made way for more efficient and practical methods to handle money from stone coins to paper currency. The birth of banks can be traced to their prototypes in the mercantile activities carried on by the merchants of the world. They travelled all over the globe to trade with all known continents to acquire goods and wealth to satisfy the innate urge of man to surround himself with better eatable goods, decorative and fine objects of beauty. It was they who made grain loans to farmers and traders who carried goods between cities in Assyria, India and Sumeria. Babylonians of the same period records emphasis to their pioneering in starting banks in its simple form by using temples as banks and temple priests as bankers. Lenders, in ancient Greece as

well as in the Roman Empire, made loans and accepted deposits performing the role of circulation of money, with temples as their base. There is repeated mention of “Rua” or debt in the Vedic literature.

There is a reference in Ramayana that among the people of Ayodya who went to the forest to bring back Raman under the leadership of Bharathan included a “Vridhipajvi”, i.e., a member of the money lending community. We have in India in the second century, the lawgiver Manu who wrote the rules and regulations related to credit such as the interest of loans on bankers, usurers and even of the renewal of commercial papers.

The modern civilization records the Bank of Venice as the first attempt to start banking activity as a public enterprise, in 1157.¹ The most famous Italian bank was the Medici bank, established by Giovanni Medici in 1397. The word ‘bank’ hails from the Old Italian word for bench, ‘banco’ as money exchangers used it to conduct their business. The world’s existing old bank is called ‘Banca Monte dei Paschi di Siena’, founded in 1472. Bank of Amsterdam was established in 1609.

Payment instruments and mechanisms have a very long history in India. After the barter system, the earliest payment instruments known to have been used in India were coins, which were either punch marked or cast in silver and copper. While coins represented a physical equivalent, credit systems involving bills of exchange facilitated ‘inter-spatial transfers’. Metal money, paper money, banknotes, cheques, bank deposits, were all the steps in the process of the development of proper coinage. The aptness and reliability of money are really the true hallmarks of a stable economy. Money must

1. S. N. Maheswari and R. R. Paul, *Banking Theory Law and Practice*, New Delhi, Kalyani Publishers, 2001, p. 3.

serve as the measure of value, as a medium of exchange, and as a store of wealth too.²

4.1. Forerunners of Banks

According to Crowther, modern banking has three ancestors- the Merchant, the Goldsmith and the Moneylender.³ They functioned as embryonic bankers. The goldsmith ancestry of modern banks is purely an English affair. Indeed, the bank as a provider of circulating money is almost entirely an English invention, which has not yet spread to other parts of the civilized world. The common people, who have more silver and gold coins under their custody, entrust the goldsmiths to keep it in safe custody after getting a receipt. In the beginning this was a pure safe-deposit business, and the deposit receipts were used only for the purpose of withdrawing the gold. The deposit-receipt paved its way to the development of banknotes. The goldsmith could merely be instructed to transfer the deposit by a letter to transfer the ownership of such-and-such an amount of gold from the original depositor to his creditor. Later, it led to the birth of cheques. Banks play their part in 'creating' or 'manufacturing' the community's supply of money. Every bank has a good number of the money-lenders in its composition. They collect money from those who have it to spare or have saved out of their income. The money collected is being lent to those who require it. This is a valuable and necessary function in every community. The progeny of money lender is savings. The big modern banks perform both these functions.

The present day banker shows traces of each of his three ancestors. Like the merchant, he still makes a speciality of financing foreign trade, and has special methods, such as the issue of bills of exchange. Like the money

2. Geoffrey Crowther, *An Outline Money*, New York, Thomas Nelson and Sons Ltd., 1923, p. 22.

3. *Ibid.*, pp. 24-38.

lender he still collects the savings of one set of persons and lends them to another set. The unique function of a banker is the provision of a convenient mechanism by which people can make payments to each other without having to walk round to each other's houses with bags of coin. For this purpose, he must create money or manufacture money like a goldsmith.

4.2. The Concept of Usury and Credit Systems in Ancient India

Money lending in ancient time was largely a matter of private loans advanced to persons in debt by rich men. Interest rates were fixed privately and were unrestricted by law. The rich became money lenders taking advantage of the situation, a kind of exploitation of the poor termed as Usury. This unethical practice of making monetary loans unfairly enriches the lender. It is meant interest of any kind or in other words the act of lending money at an unreasonably high interest rate or at the rate that is higher than the rate permitted by law. The Vedas (2000–1400 BCE), the earliest Indian texts mention the concept of usury. The Vedic word '*kusidin*' is translated as usurer. The Sutras (700–100 BCE) and the Jatakas (600–400 BCE) also mention usury. Vasishtha forbade Brahmin and Kshatriya varnas from participating in usury. By the 2nd century CE, usury seems to have become more acceptable.⁴ The Manusmriti considers usury an acceptable means of acquiring wealth for livelihood.⁵ It also considers money lending above a certain rate, different ceiling rates for different caste, as a grave sin.⁶ However, it fixes different ceiling rates for different caste. For example, the

4. Fred Gottheil, *Principles of Economics*, Cengage Learning, 1 January 2013. p. 417, ISBN 1-133-96206-8. Retrieved 11 January 2015.

5. Santosh Kumar Das, *The economic history of ancient India*, Trichur, Cosmo Publications, 1980, pp. 229–, ISBN 978-81-307-0423-4.

6. Chris A. Gregory, *Savage Money: The Anthropology and Politics of Commodity of Exchange*, Taylor & Francis publications, 1997, p. 212, ISBN 978-90-5702-091-9.

rate of interest for Brahmins was 24% while it was 36%, 48% and 60% for Kshatriyas, Vaishayas and Shudras.

Throughout the middle ages, the Church was very sensitive about the ethics of interest and perceived as unjust practice of lending. Generally speaking, usury was condemned, but usury was not always taken to include in the payment of moderate interest on loans. And in any case, disapproval by the Canon law did not prevent the charging, or the payment, of rates of interest which were truly enormous. According to the biblical view, Usury is the practice of making unethical or immoral monetary loans that unfairly enrich the lender. Originally, usury meant interest of any kind. A loan may be considered usurious because of excessive or abusive interest rates or other factors. A usury rate is a rate of interest that is usually considerably above current market rates. Usury rates are often charged by unsecured lenders on loans. These rates can be illegal in some countries and situations because they often take advantage of unsuspecting and/or more vulnerable individuals. Usury laws are regulations governing the amount of interest that can be charged on a loan. Usury laws specifically target the practice of charging excessively high rates on loans by setting caps on the maximum amount of interest that can be levied. These laws are designed to protect consumers. The word usury has come in modern English to mean excessive interest upon money loaned, either formally illegal or at least oppressive. Even today almost every state finds it necessary to have laws prescribing maximum rate of interest for petty money lenders. Whether any rate of interest is morally justifiable or economically expedient is an interesting question.

The Jatakas also mention the existence of loan deeds. These were called *rnapatra* or *rnapanna*. The Dharmashastras also supported the use of

loan deeds. Kautilya has also mentioned the usage of loan deeds which were known as *rnalekhaya*.⁷

During the Mauryan period (321–185 BCE), an instrument called *adesha* was in use, which was an order on a banker directing him to pay the sum on the note to a third person, which corresponds to the definition of a modern bill of exchange. During the Buddhist period, there was considerable use of these instruments. Merchants in large towns gave letters of credit to one another. The loan deed continued into the Mughal period. The deeds were called *dastawez* and were of two types: *dastawez-e-indultalab* which was payable on demand and *dastawez-e-miadi* which was payable after a stipulated time.⁸ There are plenty of references available in the ancient Indian literature regarding an indigenous banking system that financed the trade and commerce in the country. The businessmen called Shroffs, Seths, Sahukars, Mahajans, Chettis etc. had been carrying on the business of banking since ancient times. These indigenous bankers included very small money lenders to shroffs with huge businesses, who carried on the large and specialized business even greater than the business of the banks.

Another instrument of credit in use was the Pay order. Pay orders were issued from the Royal Treasury on one of the District or Provincial treasuries. They were called *Barattes* and were similar to present day drafts or cheques. The most important class of credit Instruments that evolved in India were termed *Hundis*. Their use was most widespread in the twelfth century, and has continued till today. In a sense, they represent the oldest surviving form of credit instrument. *Hundis* were used as remittance instruments (to transfer

7. Md. Aquique, Economic History of Mithila, New Delhi, Abhinav Publications, 1974, p. 187.

8. Evolution of Payment Systems in India: Reserve Bank of India, 12 December 1998, Retrieved on 12 January 2015, in <https://m.rbi.org.in/> 12 December, 1998, Retrieved on 2 June, 2015.

funds from one place to another), as credit instruments (to borrow money) and as bills of exchange (for trade transactions).

Usury first became common in England under King Henry VIII and originally pertained to charging any amount of interest on loaned funds. The Bard of 'Merchant of Venice' was punished for collecting interest for usury (he collected 20% and 25% interest in two cases) Under the Act of 1552, by which usury of any sort was considered as illegal.⁹

In the Scriptures, however the word 'usury' did not bear this sense, but meant simply interest of any kind upon money. The Jews were forbidden by the Law of Moses to take interest from their brethren, but were permitted to take it from foreigners. The prohibition grew out of the agricultural status of the people, in which ordinary business loans were not needed. Loans as were required should be made only as to friends and brothers in need. The practice of mortgaging land, sometimes at exorbitant interest, grew up among the Jews during the captivity, in direct violation of the law. (Leviticus 25:36, Leviticus 25:37 ; Ezekiel 18:8, Ezekiel 18:13, Ezekiel 18:17)

No denomination of the Christian Church has ever condoned usury, which we might define as an extortionate charge for the use of money, but the charging of interest is no longer regarded as usurious in all circumstances. In fact there is no direct condemnation of interest-taking in the New Testament; it is even tolerated in the Parable of the Talents. The Old Testament authority- Exodus 22:25, Leviticus 25:35, and Deuteronomy 20:19 - does not constitute a blanket ban on interest-taking, but condemns taking interest from the poor, and within the Jewish community. The taking of interest was forbidden to clerics from AD 314. It was strictly forbidden for laymen in 1179.

9. Charles R. Geist, *Beggar Thy Neighbor: A History of Usury And Debt*, Pennsylvania, University of Pennsylvania Press, 2013, p. 77.

The Catholic Church still forbids extortionate charges, providing penalties in c2354 of the Code of Canon Law, but this does not mean that all interest-taking is sinful. The Vatican itself invests in interest-bearing schemes, and requires Church administrators to do likewise. That all interest was not in itself sinful was finally decided in a series of decisions in the institutions of the Catholic Church in the nineteenth century.

According to the message from Gospel in St. Luke 6:34-36 and Luke 6:38, usury or charging of interest leads into the opposite direction of the Kingdom of Jesus Christ.

4.3. The concept of Interest

When money is lent on a contract to receive not only the principal amount but also an increase by way of compensation for the use, the increase is called interest. It is the payment made by the borrower to the lender. It is usually expressed as an annual rate in terms of money and it circulated on the principal of the loan. It is defined as the proportion of an amount loaned which a lender charges as interest to the borrower, normally expressed as an annual percentage. Interest rate is the amount charged, as a percentage of principal, by a lender to a borrower for the use of assets. Interest means the reward for the use of capital. It is the price paid by the borrower of money to its lender. According to Marshall, “interest is the price paid for the use of capital in any model in market”.¹⁰

According to the Muslim belief, interest in any kind is prohibited. Those who charge interest are in the same position as those controlled by the evil Spirit. K.M. Moulavi wrote a book named *Risalatun fil Bank* in 1929. It

10. Alfred Marshall, *Principles of Economics*, London, Macmillan &co., 8th edition, 1890, pp. 60-90.

supported the idea of interest through ‘heelathuriba’.¹¹ This viewpoint was maintained by Manappattu P. Kujumammed Haji, K.M.Seethi Sahib, etc. for solving the financial backwardness of the Islamic community. Muslim Ikyam Sangham also supported this ideology through the newspaper ‘ikyam’.¹² They proposed to the establishment of an interest-free bank at Kodungalloor named ‘Mathilakam Bank’ and collected shares for the proposed bank. During this time, Muhemmed Abdurahman and his supporters opposed the ‘heelathuriba’ and K.C. Muhyadheen Kutti Moulavi wrote *Swarimul-Bunk-Fee Risalatil-Bank* to oppose the concept of interest.¹³ Articles opposing the views of K.M. Moulavi were published in ‘Al-Ameen’. Because of the strong opposition, the entire share collected from Kodungallur to start a bank were returned. Their idea of Islamic banking was based on a noble notion of ‘doing good’ without interest.

In Chavakkad area of Trichur district, the Muslims working in Gulf in the second half of the twentieth century kept their money with them without depositing it in the bank because receiving interest was considered a sin and they believed that consuming the people's money is illicit. When the business personals want money to invest in trade or commercial start-ups, they usually got it from the wealthy Muslims on a condition that, the amount should be returned as and when it is reclaimed by the owner.

All religions on earth encourage equitable sharing of the available resources among the members of the society. Religion discarded the disparity between the rich and the poor. It ensures the circulation of money among the

11. K. M. Moulavi, *Risalatun- fil bank*(arabimalayalam), Eriyad, Muhyadheen press, 1929, pp. 6-36

12. K. K. Muhemmed Abdul Kareem, *K. M. Moulavi Sahib*, Tirurangadi, Al-kithib publications, 1985, pp. 185-187.

13. K. C. Muhyadheen Kutti Moulavi, *Swarimul-bunk-fee risalatil-bank* (arabimalayalam), Ponnani, Muhkil –gara-ib press, 1929, pp. 30-50.

members of the society through different ways like compulsory and voluntary levies and donations. Interest free financial systems based on Islamic principles are widespread in the last quarter of the twentieth century. Today, more than 500 large scale interest free Islamic financial institutions are functioning in different parts of the world managing vast funds. In India also during these years the emergence of such practices is noticeable. But today, the situation changed and in practice, the Muslims deposit money in the banks and receive interest like the other sects.

The money lenders collected as much interest as possible from the people through the loans and gave low rate of interest for deposits made by the agriculturists. They rotated these deposits to amass more interest from the locals.

4.4. Hundika Pattar

Even before the starting of commercial banks in Trichur, what little commercial credit that existed at that time, was the monopoly of a few Brahmin Hundi bankers. They hailed from Tamil Nadu, and took up temporary residence at Trichur and were known as '*Hundika Pattar*'. They had brought in substantial fluid resources of their own, which they augmented many times over by taking deposits from the agriculturists of the hinterland of Trichur town. Trichur had been their market for farm products like coconut oil, paddy, plantains, areca nut, vegetables, and timber. The patten's borrowing rates were $4\frac{1}{2}\%$ on deposits at call i.e. current account and about $7\frac{1}{2}\%$ to 9% for deposits. Most of them lived in Pazhaya Nadakkavu in the single floor of apartments which are still in that street. Their concerns were just one-man shows, which they operated squatting on the well-scrubbed floor of the front room, with a low writing desk in front and a sturdy iron safe by the side. Customers had to stand and talk to them reverentially in the feudal traditions of Kerala. They were indeed shrewd judges of man and situations.

Their lending rates were exorbitant and varied widely according to their assessment of what the customer, in his dire need, was constrained to acquiesce in and never less than 18%. They seldom moved out of their dens, but engaged one or two burly arm-twisters, generally Brahmins brought down from their places of origin. It was the job of these assistants to make enquiries on the credit worthiness of the borrowers and also to pressurise them for prompt repayment, on pain of heavy penal interest for defaults. In this juncture, lies the genesis of the banking system in Trichur, resulting from the arrogance which the business community had to put up with under the '*Pattar hegemony*'.¹⁴ The thought flickered at long last, that the large part of the money, lent to them on Draconian terms, actually came out of the savings of their own customers, namely the agriculturists of the hinterland, who sold their farm products to the wholesale dealers of Trichur. *The Catholic Syrian Bank* and *South Indian bank* were the products of the cooperative efforts of the merchant leaders of Trichur, for deliverance from the 'strangle hold' of 'the pattars'.

Banking Enquiry Committee Report 1930, refers two types of indigenous bankers in Kerala, one the '*Hundi Merchants*' who accepted deposits and lent money and the other, the 'Money Lenders' who lent money only.¹⁵ The bulk of the banking business was done as family concerns, the eldest member being in the management. They received deposits in a system called '*Pattuvaravu*' or Current Account in which the interest was calculated on the daily balance. They issued letters of credit or 'Melezhuthu' and also dealt in Hundies. A passbook was generally given in which the receipts were entered. "chits" were used for withdrawals instead of cheques. As back as 1835, the Travancore state had two laws viz., Regulation I and IV of 1010

14. T. A. Varghese, *Golden Jubilee Souvenir of South Indian Bank Limited*, Trichur, 1980.

15. Banking Enquiry Committee Report, 1930.

Kollam Era (1835 AD) restricting the rate of interest and the amount of interest which could be decreed or realized through the court of law. In the Cochin Usurious Loan Regulation, June 1936, the interest above 12% was defined as excessive. The provisions of the Madras Agricultural Relief Act stipulating interest at 5.5% was made applicable in Malabar Region also.

4.5. Church: the Space for Chits Funds in Trichur

From 1830 to 1913, church was performed as the space for kuri activities in Trichur district. *Pallikkuries* were started in almost all the churches of Trichur district in the mode of *Changathikkuri*. For all churches, it is compulsory to start a *changathikkuri* to help its needy parish members under the guidance of the vicar. *The Chaldean Syrian Kuries* started in 1830s, was the first organised *pallikkuri* in Trichur. *Lourdes church kuris, Trichur* started in 1891 with a variety of chits in many divisions. Many church followed the model of *Lourdes Church Trichur*. Daily kuries, weekly kuries, monthly kuries, *pooval kuries*, etc. were conducted in the church space according to the capacity of its subscribers. All these types of kuries have many divisions for taking lot or auction. In the beginning, there was no auction in kuri activities. Prize money got to only one person through lot. But the neediest person may not get the lot to support him. Owing to this, the chance for auction is provided in the kuri, gradually. Everyday life of the people was influenced by the kuri companies functioning in the church space. Though it was started as a community kuri based on co-operative effort, later the subscription was opened for all irrespective of community or gender. Money lenders were very active during this time to lend the needy with a larger rate of interest. The common people suffered a lot from the clutches of the money lenders whenever they were in necessity. In order to free its believers from this type of oppression, the parish priest organised the *Changathikkuri* in the church space. Every day, there is holy mass in the

morning in every church. So church became a public space for them to meet and share which became a suitable ground for the growth of kuries. Weekly kuris were conducted on Sundays. Oru narukku, Ara narukku, Kal narukku, Mahani etc. are the different units of kuri for deposits during that period.¹⁶ Vivaha nidhi, puthappu kuri, etc. were implemented in the church space under the leadership of different religious associations. Co-operation and trust were the foundation stones on which these activities were based. Easy loans were available to the needy without high security. Either the bail of 2 persons or land was taken as security. In most cases, practically no security is taken by the authorities. The interest collected by the money lenders on loans is very high when compared with such kuri companies. Supervision of the authorities, though nominal did much to the smooth and faultless working of the kuries.

After 1913, church authorities, leading laymen of the church, and those communities who were attracted to the kuri and banking activities of Catholic Church, were started to found kuri and banking companies in Trichur district as per the rules and regulations of the Indian Companies Act. *The Dharmodhayam Company Limited* is the first among this category. It is a hundred per cent charitable trust which provided them social mobility and recognition in Trichur and all over Kerala. Along with this, *Kshemavilasam Banking Company*, started in 1927 also was a hundred per cent charitable trust. Trichur Lourdes church kuri continued to function effectively in the church space and gave leadership to start many pallikkuris with registration on its model as charitable trust. The application of the idea of charity was most welcoming to the society which gained social mobility and the

16. Baby Mookkan, "Madhyakeralathile Sampathikamekhalaye Swadeenikkunna Chittyvyavasayam", in *Christian Folklore*, M. V. Vishnu Namboothiri(gen. ed.), Vol. 1, Kannur, Kerala Folklore Academy, November 2004, p. 171.

acceptability to the church in this sphere. Many other kuri and banking companies were established during the twentieth century till 1975 irrespective of caste and creed. In 1975, Kerala State passed regulations to control the functions of Kuri companies.

4.6. Max Weber's theory of spirit of capitalism

Max Weber in his series of essays compiled in the book, *The Protestant Ethic and Spirit of Capitalism* suggests the close relationship between religious orientation and the development of the economic system.¹⁷ His research dealt with the strong connection of protestant ethics and capitalistic notions. The Protestants believed in predestination rather than on the concept of salvation as determined by the actions of man sorted out as vices and virtues. For them, God has already determined the fate of each individual irrespective of their deeds on earth. A successful life in the material world was the only measure of God's grace and this belief motivated them to be involved in jobs or other transactions that would bring them success, prosperity, and comfort. They equated profit, material gain, and luxury with God's favour. In the Calvinistic belief system, yearning for wealth and material possessions is considered a virtue. Man's tendency to accumulate wealth has been seen as a virtue and thus capitalism became the social counterpart of the Calvinistic theology.

The history of Syrian Christians also presents a similar trait. The Syrian Christians are a minor denomination of the Catholic Church which comes under the Eastern Catholic Churches. This is a sect that was formed directly by the Apostle St. Thomas and a long and strong tradition beginning right in the first century. The difference in liturgical rights from other sects was often a cause for friction in the earlier ages. Roman Catholics, following

17. Max Weber, *Protestant Ethic And Spirit of Capitalism*, Dover edition, United States, Courier Corporation, 2003.

the Latin rites were a majority when compared to the Syrian Christians. There was a constant struggle to retain the originality of the Eastern rites among the Syrian Christians.

Throughout history, the Syrian Christians have never let themselves to be controlled by Latin Bishops or priests. Naturally, the Syrian Catholics found wealth to be the only human means to retain their originality and secure their self-governance. Charity was yet another strong point in the belief system of the Syrian Catholics. They considered it their ethical responsibility to assist the needy at all costs. This aroused in them an urge to share their prosperity and do acts of charity. Thus, it can be rightly said that the religious and ethical concerns ingrained in the minds of the Syrian Catholics of central Kerala urged them to engage themselves in plantations, commercialisation of agriculture, and trade activities. This brought them immense wealth and they considered it as a blessing from God. The wealth they earned was used to start kuries and banks in Trichur. These financial institutions affirmed their social and religious standing and the profit gained was used to help the needy. On the whole, these financial institutions resulted in the socio-economic transformation of the area and the religious background behind this prosperity can be traced clearly to its roots.

In the last quarter of the nineteenth century and first half of the twentieth century, the Syrian Christians were the wealthiest group in Trichur. The whole economy centered on them. There were many reasons which helped the Syrian Catholics to start Kuris and Banks in Trichur during this period.

4.7. Trading Tradition of Syrian Christians

The Syrian Christians emerged as an important trading and financial class by the nineteenth century. Tiruvalla and Crangannore (from where they

migrated to Trichur since the beginning of the Christian era) happened to be prominent centres of the Syrian Christians.¹⁸The Christians dominated in trade and finance. Their entry into these fields was the result of certain socio-economic compulsions. Though caste was well entrenched in Kerala, the chaturvarnyana was absent. There was no Vaisya or trading community, and the Syrian Christians in Travancore and Cochin and Muslims in Malabar filled this vacuum. Again, the formation of modern Travancore by Marthanda Varma (conquering several chieftains on whose side the Christians fought) started a period of oppression and discrimination against the Christians. On this, former Chief Justice of Travancore remarks: "It is no wonder that in these circumstances, all appointments in the government services were entirely in the hands of the caste Hindus".¹⁹ Not only the Christians were denied public jobs, but also they had innumerable other social disabilities.²⁰ Trade happened to be a natural opening as a means of their livelihood. Frequent contacts with the traders of the Middle East and the western missionaries might have engendered a trading tradition among the Christians. From trade, it was only a short step for them to banking.²¹ Kuries have been mostly conducted by Christians. Then the joint-stock banks were evolved with its collection of deposits from far and wide. Here the Christians took the lead and the great majority of banks in Travancore and Cochin owe much to their leadership and managing efficiency.²² The example of the Christians who pioneered the chits and banking was increasingly copied by other communities. A sort of inter-community competition seemed to have

18. R. Cameron, *et al*, Banking in the Early Stages of Industrialization, New York, Oxford University Press, 1967; R Cameron (ed.) Banking and Economic Development: Some Lessons of History, New York, Oxford University press, 1972.

19. Report of the Travancore Banking Enquiry Committee, 1930, vol I, Trivandrum, 1931, p. 157.

20. P Cherian, Malabar Syrians and the Church Missionary Society, Kottayam, CMS Press, 1935, p. 63.

21. M. A. Oommen, *op cit*.

22. P Cherian., *op cit*.

developed in establishing banks. As the banks grew in number there was increasing demand for their services from the farmers, traders and slowly-emerging factory owners. Growing demand for the cash crops of the state created the need for transforming traditional agriculture and, a demand for bank loans. For those with surplus income from agriculture, the banks provided a diversified asset portfolio (demand, savings and time deposits). Land which was very much in demand was a highly marketable asset in Kerala and proved a valuable security. The Christian law of inheritance made land owned by them more acceptable to the bankers. In other words, it was not an illiquid asset, as widely considered by bankers in the rest of the country at that time.

4.8. Channelling Money-flows

The unit type banks approached the community based clients in a personal way. This led to the increase of advances based on personal security and widespread use of promissory notes. In 1930s more than 70% of the households in Travancore and Cochin owned less than 2.5 acres of land. The total population got only limited economy which led to the deposit of small amounts. In such a situation, a channel to the flow of money is essential for the savers and borrowers. The chits and banks of Kerala provided channelization of money among the society as deposits and loans. Probably these may partially explain the progress of agriculture in the state.²³ The dynamics of industrialisation lies outside the banking sector during this period.

4.9. The Syrian Christians as Foreman of Kuris

From Crangannore, the Kuri system might have spread to other Christian centres. It may also be considered to have been a purely indigenous institution which originated from several socioeconomic factors prevailing in

23. NCAER, Agricultural Income by States, 1960-61, New Delhi 1963, pp. 31- 33.

the area.²⁴ Whether brought from China or native born, it is a fact that in the nineteenth century, kuri existed in the villages and most prominently among the Christians. The rural people of Kerala had certain customary obligations to celebrate birth of a child, naming of the child (baptism for Christians), marriages and death anniversaries. The head of a family had to invite his kith and kin and feed them. To obviate the burden some sects had an ingenious method of the invitees bringing rice and other materials. It may not be wrong to hold that the chits probably originated from these contributory cooperative ventures. The dowry system and the need to raise money might have compelled several Christian families to choose this method. In the beginning stage, the one in need was chosen by lot to receive the prize money. Later on, it was found convenient to settle through auctioning the total amount, giving it to the lowest bidder. The auction chitty that is common now may have originated in this manner and it became clear that chitty was profitable.²⁵ The chitty was initiated originally to help church members in financial distress in central Travancore and Trichur areas. When Trichur developed into a Christian centre, the churches followed suit. The *pallikuries* were popular and the experienced persons came forward with individual kuri companies in Trichur. In the usual process of social growth, the chits assumed new institutional forms like joint-stock banks. There was a somewhat similar development in certain parts of Maharashtra where banks have grown out of *bishis*, a mutual credit institution somewhat similar to the chit funds of Kerala.²⁶ Not only that several banks developed out of chits, but also they were continued as important means of deposit mobilization.

While it is a fact that several chits and kuris metamorphosed into banks, the reason for the change-over and the rapid banking growth may have to be sought elsewhere. It is the expansion of trade during the latter half of the

24. P. J. Thomas, *opcit*, p 8.

25. George Mathew (ed.), *Kandathil Family*, Kottayam 1947, p 85.

26. Travancore-Cochin Banking Enquiry Committee Report, 1956, p. 25.

nineteenth and early twentieth century that provided the stimulus. In a pre-capitalist mode of production the surplus income of the people are generally not reinvested in industry, but flows mostly to reinvestment in land and moneylending.

Thingalaya says that, there were about 38 banks in Thrissur alone in 1949.²⁷ Most of these banks were on community lines as their names indicate -*Cochin Nayar Bank, Mar Appraem Bank, Mar Thoma Syrian Bank*, etc., some were dedicated to Hindu gods -*Lakshmi Prasad Bank, Sree Radhakrishna Bank*, etc. and others were more generic-*Bharata Union Bank, Cochin Reserve Bank*, etc. From these 38 banks, we have three surviving banks, which make their overall achievement even more impressive.

In the early 20th century, Indians were establishing joint stock banks in different parts of the country. *The Travancore National Bank* was founded by K C Mammen Mappillai and four others, with headquarters at Tiruvalla. A Christian priest (Reverend Thomas of Kalaikattil) who had considerable experience in running chit funds was the only person outside the Kandathil family among the founding members. The practice of running chits was not uncommon among church congregations in central Travancore, the church coming in only in an informal way (as against the practice of direct running of chits by churches in the Trichur area). Originally the device of the chitty was initiated by the church to help a needy member who was made the foreman to receive the first prizemoney. The paid-up capital of the Travancore National Bank rose from Rs 13,000 in 1912 to over Rs 11.6 lakhs in 1936. The reserve fund in 1936 was as high as 30 per cent of the paid-up capital. Deposits rose from Rs 3.75 lakhs in 1922 to Rs 177.65 lakhs, a 60-fold increase in 24 years. Mammen Mappillai who piloted the bank during all these years points out that the high rate of deposit growth was largely due to the chitty business which

27. N. K. Thingalaya, "Banks in the South: Past, Present and Their Future", *NITTE Journals*, 2009, p. 76-77; M. A. Oommen, op. cit, p. 34.

the bank took up almost from its beginning.²⁸ The Travancore National Bank was a significant exception to the general pattern of unit banks: by 1930, it had 40 branches spread over the whole of British India and Ceylon.

Running chits under the modern title of banks engaged in crude banking. Their lending practices were not far removed from those of moneylenders. Lending money on the basis of simple promissory notes was very common in Travancore and Cochin. It was when trade got increasingly organized on a joint-stock basis and the need for cheques and transfers arose that banks also came to be organized as modern joint-stock firms. The Travancore Banking Enquiry Committee, 1930, mentions the metamorphosis from 'grain banks' of old, run by indigenous bankers of central Travancore, to modern joint-stock banks thus: Ordinarily the surpluses of a moneylender are in grain stored up in his granaries which can carry no interest whatever. In case of a surplus in money it is seldom kept idle. The desire for formation of joint-stock banks is truly a result of the realization of the profitable use of surplus funds, and in every part of Travancore, even agriculturists who have surpluses have with a certain degree of avidity started joint-stock banks which, however small and feeble they may be, are to a very large extent the media for a free flow of the surplus funds between the rural and urban centres. From trade and commerce, many Syrian Christians earned money which was used to buy lands from caste Hindus. The high prices of cash crops brought income which was again used to buy lands. By 1930, next to Brahmins the Syrian Christians emerged as a major landowning class.²⁹

Under British India, the state of Kerala was divided into three parts: Malabar in the north, Cochin in the centre and Travancore in the south. Malabar came under the Madras Presidency and the other two were princely

28. K. C. Mammen Mappillai, "The Travancore National Bank", *Malayala Manorama*, Weekly, June 1957.

29. Census of India, 1931, vol XXVIII, Travancore, part I, Report, Trivandrum Government Press, 1932, p 473.

states. Within these three regions, a large number of banks mushroomed, most of them offshoots of existing *kuri* funds. There are multiple sources telling us about the high banking concentration in these three regions:

The Travancore Banking Enquiry Committee's report in 1930 noted that nearly 190 banks were found to be functioning in the state in that year. Of the 190 banks, just six had paid-up capital of Rs1 lakh or more. Out of the 184 banks with capital less than Rs1 lakh, there were 10 banks with paid-up capital less than Rs1000/-. The largest bank was the Travancore National Bank with capital of Rs1.5 lakh and the smallest was Catholic Little Flower Bank, with paid up capital of just Rs.280/-³⁰

The Madras Banking Enquiry Committee (1930) noted that there were around 66 banks in the entire Presidency, with 32 of them in the Malabar region. Again, most of these banks were small.³¹

There was no separate committee to study banking in Cochin. However, the report of the Travancore-Cochin Banking Enquiry Commission (1956) noted that the princely state had 155 banks in 1936, which declined to 109 in 1939 and to 68 in 1954. The commission reported an even larger numbers of banks in Travancore: 274 in 1932-33, which declined to 85 in 1954. Whatever the sources of data, one thing is clear: these regions just had an amazingly high birth rate and death rate of banks.³²

The lead of the Christians prompted several other communities to enter the field. *Dhanalakshmi Bank* (1927), *Cochin Nayar Bank* (1929), *Sree Radhakrishna Bank* (1940), *Nayar Union Bank* (1941) and *Thiyya Bank* (1941) are other prominent non-Christian banks that sprang up in the Cochin state. Under the impact of the communally inspired competition³³, the number

30. Report of The Travancore Banking Enquiry Committee in 1930

31. Report of The Madras Banking Enquiry Committee in 1930

32. Report of Travancore-Cochin Banking Enquiry Commission in 1956

33. Malayala Manorama Weekly, 6 May 1957.

of banks in Cochin raised from 5 in 1917-18 to 167 in 1932-33, a 34-times increase within a period of a decade and a half. Obviously the mushrooming of banks cannot be sustained unless there is a persistent demand for their services. Trichur, which grew into a large trading and commercial centre, and the port towns of Cochin and Ernakulam called for banking services. The taluk-wise distribution of registered factories since 1920 (Table I) shows the heavy concentration of factories in Trichur and to some extent in Cochin. The registered factories and a large number of unregistered ones might have kept up the increasing tempo of banking activity.

Table 4.1 Taluk-Vise Distribution of Registered Factories in The Cochin State In Selected Years

Name of Taluk	1920-21	1925-26	1930-31	1932-33
Cochin-Kanayannur	14	23	13	21
Trichur	21	29	45	47
Other taluks (4)	15	17	40	38
Total (6)	50	69	97	106

SOURCE: Administration Reports, Government of Cochin, 1920-1933.

Banking in Cochin State was not immediately handicapped by the Great Depression. In fact a few prominent banks came into being during 1929-32. However, a significant setback during 1936-44 is indicated by the number of banks which fell from 162 to 84, partly due to the Maharaja's proclamation of 1937 imposing regulations on the working of joint-stock banks. The Depression also made itself felt. A more important reason was the liquidation of *The Travancore National and Quilon Bank* which had several branches in the state. The fall of such a titan sent a spell of panic leading to runs on some of the smaller banks. In 1941, peak year for bank collapses, the paid-up capital per bank that failed was Rs 4212 in Cochin as against Rs. 13,180/- for India a whole, indicating that it was the smaller banks that

failed in the Cochin region. The progress of Banking was somewhat stationary during 1944 through 1948. The number of banks showed a fall after the implementation of the Banking Companies Act, 1949, although the vacuum was filled by branch offices set up in Travancore and Cochin. Though the number fell to 68 by 1955, Trichur remained prominent on the banking map of India. On 31 March 1953, Trichur had the second largest number of registered offices (19), the first being Calcutta (21).³⁴ After the trend of amalgamation that started in the 1950s under the initiative of the Reserve Bank and speeded up after the crash of the Palai Central Bank in Travancore in 1960, the number continued to decline. Today there are only 5 banks in the Cochin region in place of 167 a quarter century ago. While the majority of them were amalgamated with existing banks, a good many had to go out of business because they were unable to face competition or follow the strict criteria of control imposed by the Reserve Bank since 1950.

4.10. Origin of Banks in India

Modern commercial banking in India began in 1770 with the establishment of the first joint-stock bank, *the Bank of Hindustan*, by an English agency house in Calcutta. But this bank failed in 1832. In fact, the real beginning of the modern commercial banking in the country was made with the establishment of the *Bank of Calcutta* in 1806. These banks were called the presidency banks; they were partly financed by East India Company, and they were given the right of note issue in their own regions.³⁵ This Act did not give the power to the bank to issue notes, a function, which remained with the government of India. However, the Imperial Bank of India was allowed to hold government balances and to manage public debt and clearing houses, till the establishment of the Reserve Bank of India in 1935,

34. M. A. Oommem, *op cit.*, p. 37.

35. S. N Maheswari and R. R. Paul., *op cit.*, p. 109.

which apart from taking over all the functions from the Imperial Bank of India, was given the privilege of acting as an agent of the latter in places where it had no office. The Imperial Bank of India became the State Bank of India in 1955.³⁶

The first bank which was established with limited liability, Indian ownership and management were '*Oudh Commercial Bank*', set up in 1881, followed by *Allahabad Bank* in 1865. In 1894, *Punjab National Bank* established and *Nedungadi Bank* started in 1899. The swadeshi movements encouraged the starting of more commercial banks in India.³⁷

The Indian banking sector is broadly classified into scheduled and non-scheduled banks. The scheduled banks are those included under the 2nd Schedule of the Reserve Bank of India Act, 1934. The scheduled banks are further classified into: nationalised banks; *State Bank of India and its associates*; *Regional Rural Banks (RRBs)*; foreign banks; and other Indian private sector banks. (Banking in India) The term commercial banks refer to both scheduled and non-scheduled commercial banks regulated under the Banking Regulation Act, 1949.

When the *Reserve Bank of India* was established in 1935, only two Travancore banks, the Travancore National and the Quilon Bank were classified as scheduled banks. *The Quilon Bank* was started in 1919 with a paid-up capital of Rs 56,000, which rose to Rs 11.79 lakhs in 1936. Deposits increased from Rs 54,000 in 1919 to Rs 102.57 lakhs in 1936, about 190-fold increase in 17 years. In 1936, the reserve fund was nearly 17 per cent of the paid-up capital and there were 36 branches including 3 in Ceylon.³⁸

36. *Evolution of SBI: State Bank of India*, Retrieved on 12 January 2015.

37. *IBA Bulletin*, Special issue, Vol. XXVII No. 1 Jan 2005, pp. 104-105

38. C. P. Mathen, *I have Borne Much*, Madras, 1947, p. 35.

In 1960, the State Banks of India was given control of eight state-associated banks under the State Bank of India (Subsidiary Banks) Act, 1959. These are now called its associate banks. In 1969 the Indian government nationalised 14 major private banks, one of the big bank was Bank of India. In 1980, 6 more private banks were nationalised.³⁹ These nationalised banks are the majority of lenders in the Indian economy. They dominate the banking sector because of their large size and widespread networks.⁴⁰

4.11. Banking Development in Kerala

The genesis of modern banking in the late nineteenth and early twentieth century in India may be said to be associated with the development of foreign trade and organized commercial and industrial sectors. Foreign banks were the first to be established, principally at port towns like Bombay, Calcutta and Madras. The dominance of foreign banks in the early days was due to the preponderant share of foreign capital in organized trade such as tea and jute, shipping and insurance. Despite flourishing foreign trade at a large number of ports, 7 banks in Travancore originated first in villages around Tiruvalla (such as Niranom, Thalavady, Ambalapuzha and Chengannoor) though in later years the port towns had grown into prominence. Long before independence itself, the banking in Kerala was unique in several respects. The early banking had communal relationships. Most of these banks were started by Christians. The banking activities were concentrated in certain specific centres, especially in Tiruvalla in Travancore and Trichur in Cochin. The early bankers were of the unit type.⁴¹ Another characteristic of early bankers

39. Social Controls, the Nationalisation of Banks and the era of bank expansion - 1968 to 1985, Reserve Bank of India.

40. D. Muraleedharan, *Modern Banking: Theory And Practice*, PHI Learning Pvt. Ltd., p. 2, ISBN 978-81-203-3655-1.

41. Oommen, M. A., *op cit*, p. 24.

was that they also conducted “chitties/kuries”. The pseudo banking institutions were engaged in all manners of fanciful enterprises and did not naturally serve any useful purpose. Many of these banks were wound up, while some were reorganized into banking companies.⁴²

4.11.1. Banks in Travancore

Modern commercial banks in Kerala may be said to have emerged along with the capitalist form of business organization and production. Some of the traditional financial institutions like chit funds and kuris and to a lesser extent, indigenous banks have tended to assume modern institutional forms like joint-stock firms in the normal process of social growth. It is possible that even the resources for the growth of the banks came at least partly from the joint-stock companies. The first joint-stock company floated in Travancore was the Punalur Paper Mills in 1889, followed by the Manorama Company in the same year by members of a Christian family, Kandathil in Tiruvalla. The third company was the Kandathil Kudumba Yogam Company floated in 1892 by the Kandathil family with an initial investment of Rs 100,000 for trading in plantation crops. Out of the profits of this company rose the first organized commercial bank in Kerala in 1893, called the Travancore Bank under the management of Eapen, a vakil (pleader) by profession, of the Kandathil family. This was a partnership bank with a paid-up capital of Rs 15,000. Though there were financial enterprises and moneylenders using the signboard of banks at the time, the Travancore Bank was the first organized credit institution on the lines of the modern commercial bank. It received deposits at 6 per cent and gave loans at 12 per cent vatti (rate of interest) plus 6 per cent *vattom* (commission). The high lending rate may be justified in view of the exorbitant charge of the hundi

42. Travancore Banking Enquiry Committee Report 1930.

merchants which ranged from 30 to 50 per cent⁴³ and the paddy rate of indigenous lenders⁴⁴ which ranged from 60 to 70 per cent. Like protestant Christians of Europe in the post-reformation era, their counterparts in Kerala considered a high rate of interest unethical. Probably to keep to the letter of the law, some banks and individual lenders charged only 12 per cent interest and the rest was commission.

The first joint-stock bank started in Kerala was said to be the '*Nedungadi Bank*' started by Sri Appu Nedungadi in 1899 at Calicut, followed by the '*Travancore National Bank*' in 1900 at Thiruvalla, started by Paulose, father of C P Mathen of Chalakuzhiyil family who founded the Quilon Bank later. The Tiruvalla Bank which opened in 1900 was the first joint-stock bank in Travancore-Cochin area and the second in Kerala. At the time of passing the Companies Regulation Act in 1917, there were 6 banks.⁴⁵ Among these, five were joint-stock banks working in Travancore. They were *Travancore Permanent Fund* (1899)⁴⁶, *Malabar Family Assistance Company* (1907), *Changanacherry Banking Company* (1908), *Ambalapuzha Christian Bank* (1909), and *Travancore National Bank* (1912). The last three were within five-mile radius of Thiruvalla. Of these the *Ambalapuzha Christian Bank* was founded by Chandy vaidyan of Edathua, a close friend of K C Mammen Mappillai who held a sizable proportion of the shares.

In a short time the Travancore Bank earned a reputation in central Travancore as a source of help to the needy villagers. During the eight years

43. K. C. Mammen Mappillai's "Memoirs" in *Malayala Manorama Weekly*, 6 May 1957.

44. Nagam Aiyah, V., *Travancore State Manual*, vol III, Trivaidrum, Government Press, 1906, p. 153.

45. K. C. Mammen Mappillai, *op cit*.

46. It was started in 1899 as a registered nidhi by a few Tamilians from Tanjore and started to work as a bank in 1917.

of its working the Travancore Bank declared a dividend of 18 per cent per annum and repaid the shareholders 150 per cent per share when it was liquidated around 1900 because of family feuds on ownership. About this bank K C Mammen Mappillai observes: “This event marks a memorable turning point in the history of banking in Travancore. For Eapen vakil’s banking enterprise may be considered as the beginning of a new phase in the development and prosperity of banking in this state.”⁴⁷

During the first years of banking, the needed organizational and entrepreneurial talents in the Travancore area centred on a few Christian families, notably the Kandathils. Many members of this large family who had experience of running chit funds¹⁷ were pioneers of joint-stock companies and joint-stock banks in Travancore. Several others later followed their example. During the 50-year period 1893-1944, as many as 15 leading banks in Travancore were started by members of the Kandathil family. They were: 1, *Travancore Bank* (1891), 2. *Thayyil Bank* (1900), 3. *Kandathil Kudumba Yogam Bank* (1900), 4. *Parur Bank*, 5 *Travancore National Bank* (1912), 6. *Alleppey Bank* (1919), 7. *Kerala Bank* (1920), 8. *Vennikulam Bank* (1920), 9. *National Union Bank* (1920), 10. *Alliance Bank*, 11. *City Bank*, 12. *Travancore National and Quilon Bank* (1937), 13. *Bank of New India* (1944), 14. *Finance Bank*, 15. *Trivandrum Union Bank*. Though the area around Tiruvalla continued to be the major centre of banking, private joint-stock banks were few but private lending houses proliferated.

The Travancore National and the Quilon, owned by two families in Tiruvalla, were amalgamated in 1937 with the approval and a substantial credit from the Reserve Bank which amply bears out its assurance of their financial soundness. Under the new name of *Travancore National and Quilon Bank* (TNQB) it ranked first in the number of branch offices in India and third

47. *Malalayla Manorama Weekly*, 6 May 1957

in the total volume of business. Among the 42 scheduled banks in 1937, only the Central Bank of India and the Bank of India exceeded the TNQB in total volume of business. The balance sheet as on 31 December 1937, after a few months of the working of the new bank, shows that the resources of the bank were comparatively well managed.⁴⁸

The political stability of Travancore (since the days of Marthanda Varma) from the latter part of the eighteenth century, the creation of an extensive canal and road network and ports by the rulers, and relaxation of pepper monopoly in trade⁴⁹ beginning with the abolition of monopoly in 1861 paved the way for a phenomenal expansion of trade and commerce⁵⁰ during the latter part of the nineteenth century and the beginning of the twentieth. The sharp price-rise in cash crops and the resulting increase in farmers' incomes provided the spur to banks' expansion. The success of the Kandathil family might have prompted several others to follow the gold rush of the trade boom. Lack of regulations in starting new banks and the possibility of combining them with non-banking businesses, especially chitties, facilitated a rapid growth. C P Mathen and K C Mammen Mappillai were not only financial entrepreneurs, but also industrial entrepreneurs actively seeking out and exploiting profitable undertakings in manufacturing, trade and commerce. The modern cashew industry of Quilon (which employs over 125,000 workers) was initially fostered and developed by Mathen and the Quilon Bank.

The plantation industry, and rubber and tea manufacturing in Kerala owe much to the pioneering enterprise of K C Mammen Mappillai. Before

48. M. A. Oommen, *op. cit.*, p. 31.

49. Pepper, cardamom, ginger, cinnamon, areca nuts, turmeric, salt, copra, coir, tobacco, cotton, teak, blackwood and numerous other staples were bought and sold by the government.

50. Nagam Aiyah. V., *op. cit.*

1937, he helped several indigenous plantation entrepreneurs and rubber producers, besides enabling many members of his own family to open up rubber estates and factories. He even planned the starting of a shipping industry in Kerala as far back as 1932. In general, the original bankers of Kerala may have more in common with the county bankers of nineteenth-century Britain who used bank resources to start profitable enterprises of their own or lend to close relatives.⁵¹

4.11.2. Banks in Cochin

In Cochin also banks developed in a speedy way just like Travancore. It had certain distinguishing features, one of which was the heavy concentration in the industrial and trading towns of Trichur and Cochin (including Ernakulam). Before 1936, no other part of the state had banks outside the towns of Cochin, Ernakulam and Trichur. In 1936, out of the 31 reporting banks, 29 were in these towns. It was only during the 1940s that banks came up in the rural and semi-urban areas. At independence in 1947, Cochin, Ernakulam and Trichur accounted for two-thirds of the number. A few banks were found in semi-urban or rural places, below population of less than 10,000, emerging into trading and industrial activity like Angamaly, Olloor, Wadakkancherry or Wellington Island. Thus, the location pattern in Cochin was notably different.

The most prominent among the early banks started in Trichur was the Chaldean Syrian Bank which started in January 1918. The Roman Catholics, especially members of the Lourdes church in Trichur did not want to be outdone by other demominations in the new line of business. Prominent families of this church, notably Chakola Alangattukaren, Kattookaren and Maliackal promoted the Catholic Syrian Bank in 1920, with an authorized capital of Rs 5 lakhs and paid-up capital of over a lakh. After the starting of the Catholic Syrian there was a sort of contagion, in that prominent Christian

51. M. A. Oommen, *op cit.*, p. 32.

families belonging to different denominations, vying with one another, began to start banks. *Catholic Syrian Bank* (1920), *Catholic Orient Bank* (1922), *Marthoma Syrian Bank* (1927), *South Indian Bank* (1929), *Catholic Bank* (1929), *Malabar Bank* (1929), *Indian Insurance Banking Corporation* (1933), *Mar Aprem Bank* (1934) and *Assyrian Bank* (1934) are some that cropped up in this fashion. These and several others of this category were promoted by a few leading Christian families with experience in running kuris and conducting trade. For example, *Catholic Syrian Bank*, *Malabar Bank*, *South Indian Bank*, *Indian Insurance Banking Corporation* and *Kshemavilasom Bank* were promoted by the members of the Chakola family of Trichur in collaboration with prominent families of their congregation.

4.11.3. End of Unit Banks

According to the Travancore-Cochin Banking Enquiry Committee Report, 1956, as many as 235 branches were opened during 1941-1947 in Travancore. What started out as a unit-banking system thus slowly gave place to branch banking. The Banking Companies Act, 1949 imposing strict rules on such matters as the size of paid-up capital, resources and liquidity ratio led to the weeding out of several inefficient units.

4.12. From kuri companies to Banks in Trichur

Banks evolved due to a variety of socio-economic factors and found a natural place in the economy of the region. All banks in Kerala were born out from the chit funds or kuri companies. The subscription paid by the members of these funds is analogous to the deposits that are kept with the banks and the prize amounts distributed resemble the advances made by the commercial banking institutions. From such an institution, the transition to a modern form of banking was an easy step as the latter conferred certain advantages on the person, that is, the foreman who conducted the business of chitty. Besides regular deductions from auctioned amount for meeting expenses and commissions as subscriber, the foreman was generally entitled to the first

instalment without auction or deduction.⁵² Kuri companies were engaged in banking activities in the initial stages. Later, kuri companies were banned to do banking activity and they merged with banks. At the starting time of banks, they have engaged in chitty/kuri also.

4.13. Merging of the Bank activities of the Chits in prominent Banks

In Travancore and Cochin, there was a decline in the number of banks, may be due to the regulations imposed by the Travancore and Cochin governments on the flotation of joint-stock banks. The Travancore restrictions included prohibition of banks from conducting chitties in 1941. Kuri companies were not allowed to conduct banking activities according to the Act by RBI. As per the new situation, many kuri companies merged their banking activities to the existing banks in Trichur. The following kuri companies liquidated their banking activities to the following banks.

Table 4.2. Names of Chits liquidated banking with other Banks.

Sl. No.	Name of Chit Funds	Liquidated Banking with
1	Asseriyam Charities	South Indian Bank, TCR
2	Cochin Kuries	”
3	Trichur Kuri syndicate	”
4	Oriental Kuries	”
5	Kshemavilasam Kuries	”
6	Mukkattukara Catholic Banking company	”
7	Mar Apprem Kuries	Catholic Syrian Bank, TCR
8	Mar Thoma bank and kuries	Dhanalaxmy Bank, TCR

Source: Interviews with Kuri company Managers in Trichur

52. Report of the Travancore-Cochin Banking Enquiry Committee, 1956.

4.14. Chaldean Syrian Bank-1918

The most prominent among the early joint stock commercial banks in Cochin State was the *Chaldean Syrian Bank* which started in January 1918. The founders were Chittilappilly Lonappan Vareed, Mookan Ouseph, Nadakkavukaran Ouseph Inasu and Immatty Lonan Pavu, all belonging to leading families of the Chaldean Syrian Christian community. The bank initiated the service in Trichur with great vigour. Gradually certain problems faced by them in its function. The shares of this bank were returned to the shareholders due to certain crisis. In 1964, the bank was amalgamated to *the bank of Travancore*.

4.15. The Catholic Syrian Bank –1920

The Chaldean Syrian Bank was started in Trichur in 1918. In a competitive spirit and with a passion of community pride some of the leading businessmen of Syrian Christian community of Trichur decided to start a bank as a counter move giving a similar name of their community. Most of these men were part of the founding team of Dharmodayam Company. Rao Sahib Chakola Palu Lonappan, Alengattukaran Devassy Kuriappan Maliyammavu Lona Mathu, Chalissery Antony Maney, Inchamudikkaran Inasu Iyyappan, Kattukkaran Varunny Ouseph, Chettupuzhakkaran Kunjuvaried Varied, Chalakkal Rappai Iyyunni, Attokkaran Pyloth Varunny, Maliakkal Devassy Pyloth and Erinjery Varunny Ouseph were the founders of Catholic Syrian Bank on Saturday, 11th day of the month of Vrichikam, of Malayalam year 1096 (26th November 1920)⁵³ and opened for business on January 1, 1921 with an authorized capital of Rs.5 lakhs and a paid up capital of Rs. 45270/-. Along with banking, kuri activities were also very dynamic in this bank till it is banned in banks.

53. History of CSB, *Navathi Souvenir of Catholic Syrian Bank*, 1980, pp. 20-23

During the first two decades of its functioning, the Bank concentrated only in Kerala. Banks and credit institutions which proliferated especially in Kerala received a jolt and many of them came to their doom following the crash of the *Travancore National Quilon Bank* in 1938 followed by *Palai Central Bank* in 1960. During the period many small banks came to the verge of collapse shaking the confidence of the public and what followed was a process of consolidation. The strategy of mergers and amalgamations of small banks with bigger banks brought the number of banks within controllable limits, thereby making the industry's base strong. In 1964-65, *The Catholic Syrian Bank Ltd* took part in taking over the liabilities and assets of five small/medium sized banks in Kerala. The expansion programme initiated during these years gathered momentum in the subsequent years.

4.15.1. As Scheduled Bank

In August 1969, the Bank was included in the Second Schedule to the Reserve Bank of India Act 1934. In 1975, the Bank attained the status of "A" Class Scheduled Bank when its total Deposits crossed Rs.25 crores. The necessity of imparting training to staff looked very important and a modest beginning was therefore, made in setting up a Training College in 1975. In the same year the Bank entered the field of foreign Exchange. At a very early stage, the Bank recognized mechanization as an effective tool of management and streamlined its accounting procedures by introduction of Data processing system. From November 1975, reconciliation of inter-branch accounts was mechanised by using IBM Data processing machines.

The decade of the seventies saw the evolution of a new culture in Indian Banking. Nationalization of banks imposed 'Social Control' and imparted new ethos to commercial banking. What followed was a massive expansion of bank branches with a distinct thrust on remote rural belts. Special schemes were formulated to cater to the diverse credit needs of small

scale industries, road transport operators, agriculturists, and other self-employed entrepreneurs.

The strength of the bank lies in its customer loyalty and confidence. This has been built over a time of long standing relationship. The bank has built a rich heritage of its own over the years. With the nationalization of the banks came a big change and without any hesitation banks were expected to play a very significant , a very important and a very decisive role in the social and economic development of our country, in tune with national aspirations, in tune with the national objectives.

4.15.2. Amalgamation of Banks and the Reforms of 1990

The Catholic Syrian Bank started its expansion programme after 1960 only. The bank absorbed a few officers of the erstwhile Palai Central Bank and started widening the scope of lending to purpose oriented one. CSB take over:

1. The Kottappadi Bank (P) Ltd.
2. The Oriental Christian Bank Ltd.
3. The Puthenpeedika Bank Ltd.
4. The Ollur Bank Ltd
5. The Indian insurance and Banking co-operation Ltd.
6. Mar Aprem Bank Ltd.
7. Chittattukara Bank⁵⁴
8. Antherpayar Bank⁵⁵

54. Mathew Pudukkattukaran, (89), Retired Asst. General Manager (Credit), Catholic Syrian Bank, Trichur, interviewed on 13-10-2018.

55. *Ibid.*, At first, Banks of Kottappady, Antherpayar and Chittattukara were amalgamated in Indian Insurance Bank and later Joined to CSB. He had experienced its difficulties.

Post liberalization reforms of 1990's, Indian banking sector has undergone major transformation. There were mergers and acquisitions of small banks into bigger ones. Tough competition ruled the industry. *Catholic Syrian Bank* had to face a lot of challenges to cope up with the pace of competition and other regulatory requirements. The greatness of the bank lies in its inner strength to rise and keep rising from tough times. The “anytime-anywhere banking” concept has ushered in dramatic changes in the consumer behaviour. The facility of internet banking enables a consumer to access and operate his bank account without actually visiting the bank premises. The facility of ATMs and the credit/debit cards has revolutionized the choices available with the customers. Catering to the banking needs of the individuals, a number of ATMs and branches were opened. The CSB opened mobile ATM in 2010.

At present, the bank has a network of over 430 branches and more than 240 ATMs across India. The Bank also plans to open more number of branches in a phased manner. The bank reported a profit of Rs.1.55 Crore in financial year 2017 against a loss of Rs.149.72 Crore the year before. Gross non-performing assets (NPAs) stood at Rs.600.10 Crore in the fourth quarter compared with Rs.446.91 Crore in the year earlier. In percentage terms, it rose to 7.25% from 5.62%. Canadian Billionaire Prem Watsa owned Fairfax India Holdings has proposed to buy a 51% stake in Trichur based lender Catholic Syrian bank for a total consideration of around Rs.1,200 Crore.⁵⁶

56. <https://www.business-standard.com>.

4.16. The South Indian Bank-1929

On 25th January 1929, *the South Indian Bank* made its modest appearance in the Banking horizon with 44 shareholders and a paid-up capital of Rs.22,000/-.The bank started functioning as a Private Limited Company and commenced business on 29-01-1929.The story of South Indian Bank is one of bold adventures, prudent enterprise and phenomenal progress. Planted as a frail sapling at a time when Kerala knew little of organised banking, the South Indian Bank has grown into a mighty tree, its roots deep down in the soil and its branches far and wide. It has withstood the vicissitudes of time and the fluctuations of fortune. Under the fostering care of the first batch of Directors, its growth was sure and steady. The ‘pattar community’ were not slow to read the writing on the wall and started leaving one by one. With the agricultural depression of early thirties, when deposits from agriculturists dwindled, they left en-bloc, in search of fresh pastures. During the time of its Golden Jubilee celebration, its working capital is Rs.120 crores.

This spectacular growth is due to the sound traditions of prudence and accountability laid down by the founding fathers. Chakola Lonappan, Chalissery Mani, Ouseph Vakil, and others were men of high vision, deep knowledge and rich experience in their own fields of business, profession or industry which they used for the benefit of the bank.

South Indian bank successfully outlived the banking crisis of 1933 when the *Travancore National Quilon bank* failed. The private limited company was converted into a public limited company on 11-08-1939.⁵⁷It also emerged unscathed from the Kerala banking crisis of 1960 when the *Palai Central bank* was closed down.

57. “The Big Story”, *Golden Jubilee Souvenir of South Indian Bank Limited*, Trichur, 1980, p. 1.

4.16.1. Amalgamation of Small banks in South Indian Bank

The year 1964 was an exceptionally important period in the growth of the bank. Many of the Kerala based banks could not withstand the ebb and flow of the Palai crash; some were trounced; a few perished and still others were merged with stronger units. It was a period of mergers, amalgamations and take overs, for banks in Kerala. It was in this year that the South Indian bank made its big leap. In the light of the general policy of consolidation formulated by the Reserve Bank of India the South Indian Bank ventured to extend its helping hand to take over the assets and liabilities of many a small bank in Kerala. In the process, the following banks were welcomed into its fold.⁵⁸

The Venad Bank Ltd., The Kshemavilasam Banking Co. Ltd., The Ambat Bank Ltd., The Public Bank Ltd., The Suburban Bank Ltd., The Vijayalakshmi Bank Ltd., The Chalakudi Bank Ltd., The Assyrian Charities Bkg. Company Ltd., The Muktattukara Catholic Bank Ltd., The Aranattukara Catholic Bank Ltd., The Catholic Syrian Christian Bank Ltd., The Malabar Bank Ltd., The Kozhuvanal Bank Ltd., The Bharath Union Bank Ltd., and The Oriental Insurance and Banking Union Ltd.

This gave the bank a new vigour and vitality. The number of branches automatically increased to 64 during this period. Thereafter every year, a number of branches were opened in the nearby states to add glory to their growth. In 1980, the South Indian bank have 254 branches spread over the states of Kerala, Tamil Nadu, Karnataka, Pondicherry, Andhra Pradesh, Maharashtra, Gujarat, Goa, West Bengal and Delhi. Various services such as Kalpaka Nidhi, Bhagya Nidhi, Recurring Deposits, Pension funds etc. were undertaken by the bank for the betterment of the common people.

58. *Ibid*, p. 2.

South Indian bank included in the second Schedule of the Banking Act 1956 and became a Scheduled bank in 1954. It became a nationalised Bank in 1969.⁵⁹

4.17. Dhanalakshmi Bank

Dhanalakshmi Bank was born on an eventful night on 9th November, 1927 and officially started on 14th November 1927 by a group of enterprising entrepreneurs at Thrissur, the cultural capital of Kerala with a Capital of Rs.11,000/- and had only 7 employees.⁶⁰ The service to the society was their motto. The idea was not to build up a banking empire, but to do the service in its own philosophical way with a socio-economic admixture, and it proved to be a friend of everybody who chose to interact with this bank.

Sri A.S. Mahadeva Iyer and Sri S.V. Venkitarama Iyer were the first Joint Managing Directors of the Bank. The other founder members were Sri P. Subramanya Iyer, Dr. P.N. Vaidyanatha Iyer, T.R. Rama Iyer, S.K. Narasimha Iyer, A.S. Krishna Iyer, I.A. Mahadeva Iyer, T.K. Viswanatha Iyer, and A.N. Venkateswara Iyer.⁶¹

The Dhanalakshmi Bank kuries, which were conducted during the stewardship of Sri Krishna Iyer and Sri Ambi Iyer, made a great impact in view of the lending services rendered through kuries to thousands of subscribers for their several needs including housing, agricultural operations, education, marriage and socio-religious needs.⁶²

59. Simon, M. J. (70), Retired Manager, South Indian Bank, Trichur, interviewed on 10-06-2018.

60. <https://economictimes.indiatimes.com>.

61. "The Dhanalakshmi Bank Limited: Past and Present," *Golden Jubilee Souvenir of the Dhanalakshmi Bank*, Thrichur, 1977, p. 2.

62. *Ibid.*

It became a Scheduled Commercial Bank in the year 1977. It has today attained national stature with 181 branches and 26 Extension Counters spread over the States of Kerala, Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra, Gujarat, Delhi and West Bengal. The Bank served a business of Rs. 4223 crores as on 31.03.06 comprising deposits of Rs.2533 crores and advances of Rs.1690 crores. As at the end of March 2006, the Capital Adequacy Ratio of the Bank was 9.75% well above the mandatory requirement of 9%. The Bank made a net profit of Rs.9.51 crores for the year ended 31st March 2006. Between 1927 to 1937, its services were localised in Thrissur. In 1937, it extended its service to Ernakulam and Palghat by opening branches there. By 1947, DBL's deposits generated stood at Rs 31 lac.

4.18. Amalgamation and Takeover of Banks

In 1962, there was a process of amalgamation and mergers in the banking field throughout India. It was felt by the authorities and the concerned bankers that the smaller units should consolidate or integrate themselves or merge with major units to attain viability. With the assistance of Sri N.S. Mahadevan, secretary of the Bank, Sri Srinivasa Iyer played a dynamic role in amalgamating three other banks, viz., Lakshmi Prasad Bank, Radhakrishna Bank and Parli Bank Ltd. The assets and liabilities of 9 other units were taken over. Names of those Banks are:-

1. *Hindu Union Bank Ltd, Kanjany.*
2. *The Parameswaravilasam Banking Co. Ltd., Kodakara*
3. *Mar Thoma Syrian Bank Ltd., Trichur.*
4. *The Moolankuzhi Union Bank Ltd., Thoppumpady.*
5. *The Catholic Parish Bank Ltd., Kalparamba.*

6. *The Vyavasaya Bank Ltd., Peringottukara.*

7. *The Asoka Bank Ltd., Shertallay.*

8. *The Irinjalakuda Bank Ltd., Irinjalakuda.*

9. *The Nayar Union Bank Ltd., Trichur.*

Subsequently, it further expanded its network throughout Kerala, and then in Tamilnadu, Andhra Pradesh and Karnataka in 1978. With this, DBL's operations covered the entire southern India apart from its strong presence in Kerala. The period covering 1985-90 saw the bank opening up its first branch outside southern India, in Bombay. It started dealing in other segments of banking such as bills discounting, letter of credit, etc. Two prominent religious trusts - Sabarimala and Guruvayoor Devaswam Board, are among its host of clients. In 1993, the bank obtained restricted foreign exchange licence, to maintain rupee accounts of non-residents. DBL also ventured into new areas such as consumer banking, corporate banking and merchant banking. In Mar.'96, DBL came out with a public issue of 80 lakh equity shares of Rs 10 each for cash at a premium of Rs 40 per share aggregating Rs 40 cr, to strengthen the capital base for meeting statutory capital adequacy norms and to obtain the listing of shares on the stock exchanges. There was a restructure of the capital of the bank during 2000-01, by conversion of partly paid shares to fully paid shares on a pro-rata basis. This has resulted in the reduction of subscribed and paid up.

Their strength is the number of customers, scale of business, breadth of their product offerings, banking experience. In 1977, the bank is designated as scheduled commercial bank by the *Reserve Bank of India* (RBI). It has 260 branches and 371 ATMs with a deposit of Rs.11294 Crore. Advances (Gross) (Rs. in Crore) - 6596, Total Business (Rs. in Crore)- 17890 ,Total Assets (Rs. in Crore) -12333.

The bank has a Vision of Banking on Relationships forever and their Mission is “To Become a Strong and Innovative Bank with Integrity and Social Responsibility to Maximize Customer satisfaction as well as that of the Employees, Shareholders and the Society”.

4.19. Structure of Banks

In India, Scheduled Commercial banks, Scheduled Co-operative banks and All India financial institutions come under the head of Scheduled banks. Nationalized banks, Private banks and Regional Rural banks were included in Scheduled Commercial banks. National Federation of State Co-operative banks Limited is under the Scheduled Co-operative banks. It functioned through Rural Co-operative Credit institution and Urban Co-operative Banks. Rural credit institutions provided Short term and long term credit structures. Short term credit was provided by State Co-operative banks, District Central co-operative banks, and Primary Agricultural Credit Societies. Long term credit was provided through State Co-operative Agricultural and Rural Development Banks and Primary Co-operative Agricultural and Rural development Banks.

4.20. Banking Regulation of 1934 and the Scheduled Banks

A scheduled bank, in India, refers to a bank which is listed in the 2nd Schedule of the Reserve Bank of India Act, 1934. Banks not under this Schedule are called non-scheduled banks. Scheduled banks are usually private, foreign, cooperative and nationalised banks operating in India.

The two basic conditions for a bank to be a Scheduled Commercial Bank are:-

1. The Paid up Capital of the bank should be 5 lakh and above.
2. The bank should work in the interest of depositors.

Table 4.3 Banks In Kerala During Bank Nationalisation In 1969

Scheduled Banks	Head Office	Foundatio Year	Part of which Kerala region	Status
Nedungadi Bank	Calicut	1913	Malabar	Merged with Punjab National Bank in 2003
Catholic Syrian Bank	Trichur	1920	Cochin	Existing as Old Private Sector Bank
South Indian Bank	Trichur	1929	Cochin	Existing as Old Private Sector Bank
State Bank of Travancore	Trivandrum	1949	Travancore	Merged with State Bank of India in 2017
NON-SCHEDULED BANKS				
Dhanalaxmi Bank	Trichur	1927	Cochin	Existing as Old Private Sector Bank
Bank of Cochin	Ernakulam	1928	Cochin	Acquired by State Bank of India in 1985
Parur Central Bank	Parur	1930	Cochin	Merged with Bank of India in 1986
Lord Krishna Bank	Cranganore (Trichur Dt)	1940	Cochin	Acquired by Centurian Bank of Punjab in 2007
Federal Bank	Alwaye	1945	Cochin	Existing as Old Private Sector Bank

Source: <http://www.livemint.com>.

Among these nine banks in Kerala, four were situated in Trichur district *Dhanalakshmi Bank* included in the Scheduled bank category in 1977. *Lord Krishna Bank* was founded in 1940 .In 1960s, it acquired three commercial banks: *Kerala Union Bank*, *Thiyya Bank*, and *Josna Bank*. It became a Scheduled Commercial Bank in 1971. It merged to *Centurion Bank of Punjab* in 2007⁶³ and later *Centurion bank of Punjab* merged to *HDFC bank* in 2008. Out of these nine, just four remain today, with three of them from Trichur. Trichur is home to three major Scheduled banks and they were classified as old private sector banks.

Table 4.4 State- wise Distribution of Scheduled Commercial Bank Branches as on 31 March 2006.

Sl.No	States	No. of Banks	Percentage to total number of offices	Average population per bank branch (in'000s)
1	Andra Pradesh	5437	7.9	14
2	Assam	1234	1.8	21
3	Bihar	3582	5.2	23
4	Gujarat	3730	5.4	14
5	Haryana	1726	2.5	12
6	Karnataka	5002	7.3	11
7	Kerala	3553	5.2	9
8	Madhya Pradesh	3475	5.1	17
9	Maharashtra	6489	9.4	15
10	Orissa	2282	3.3	16
11	Punjab	2749	4.0	9
12	Rajasthan	3427	5.0	16
13	Tamilnadu	4880	7.1	13
14	Uttar Pradesh	8347	12.2	20
15	west Bengal	4558	6.6	18
	Total	60471	88.0	15
	All India Total	68681	100	15

Source: Quarterly Statistics by RBI, March 2006

63. "RBI Approves merger of Lord Krishna Bank with Centurion Bank", *India times*, New York, August 28, 2007; "People's convention calls for merger of Lord Krishna Bank with a Public Sector Bank", Chennai, India: *The Hindu*, 10-09-2006.

4.21. Role of Commercial banks in Kerala's Development

Economy plays a very important role in the development of the society. Unless you enable people to stand on their own; it will not be possible for any Government or any state to enable the people self-dependent through inclusive growth.

Consolidation through Mergers and Acquisitions is the only way to gain critical mass domestically and internationally and as such the whole range of industries is looking to strategic acquisitions with in India and abroad. Banking is no exception to this global phenomenon, the Indian banking sector is also steadily gearing up towards a healthy consolidation through mergers and acquisitions under aegis of structural reforms as banking sector has employed large capital and is equally fragmented co-existing with multiple players, thus requires a well-defined restructuring process. Today, there are too many banks to handle the size of the business we are having in the system. In order to attain the economies of scale and also to combat the unhealthy competition with in the sector besides emerging as a competitive force to reckon with in the international economy; the consolidation of Indian banking sector through mergers and acquisitions on commercial considerations and business strategies is the essential pre-requisite. The concentration of economic power occurs, inter alia, through mergers and acquisitions.

4.22. Merger or Amalgamation

Merger is defined as 'combination of two or more companies into a single company where one survives and the others lose their corporate existence'. The survivor acquires the assets as well as liabilities of the merged company or companies. Acquisition or Take over. Acquisition in general is acquiring the ownership in the property. In the context of business

combinations, an acquisition is the purchase by one company of a controlling interest in the share capital of another existing company. A takeover is acquisition and both the terms are used interchangeably.

4.22.1.Objectives of Mergers

Mergers are well-recognized commercial practices for growth and diversification of manufacturing, business and service activities. The factors that motivate mergers are to:-

1. Diversify the areas of activities; achieve optimum size of business
2. Remove certain key factors and other bottlenecks of input supplies
3. Improve the profitability
4. Serve the customer better
5. Achieve economies of scale and size, internal and external
6. Acquire assets at lower than the market price
7. Bring separate enterprises under single control
8. Grow without gestation period; and nurse a sick unit and get tax advantage by acquiring a running concern.

4.22.2. Benefits of Mergers

1. Cost savings constitute an important outcome as well as the reason of mergers and acquisitions. It emerges that economies of scale is a very important motivating factor for consolidation.
2. The revenue enhancement due to increased size is a moderately important factor motivating domestic within-segment mergers
3. Easing of legal and regulatory barriers has opened the way for increased mergers and acquisitions, both within and across boundaries and both within and across financial industry segments.
4. Shareholders have gained power relative to other stakeholders in recent years. This development has put increased pressure on financial institutions to improve profitability. Consolidation has in many cases seemed an attractive way o accomplish this objective.

4.22.3. Disadvantages

1. Merger of two companies may result in dilution of competition in the market, adversely affecting consumer's interests. In banking industry, the same may lead to monopoly affecting the customer service, in rendering banking services. 2. In a merger/amalgamation, an individual undertaking, be it an actual or a potential competitor, may get eliminated. 3. In most cases, though mergers of banks are objected towards safeguarding or protecting the interests of the depositors, in most cases, depositors have suffered in the amalgamation process. 66 Banks Amalgamated since Nationalization of Banks in India.

4.23. Conclusion

Banks and Chit funds were developed as modern financial institutions from the household kuri systems which existed in Kerala a thousand years back as '*changathikkuri*'. All banks of Trichur which formed in the first half of the twentieth century were born out of the wombs of kuries. Except ESAF, all other three major scheduled banks in Trichur were big Kuri companies during the period of its origin. The Catholic Syrian Bank, South Indian Bank and Dhanalakshmi Bank were done kuries along with banking during its foundation. From 1918 onwards, the Banks and Chits in Trichur were started according to Indian Companies Act of 1913. The lead provided by Christians in starting banks and kuries influenced the other communities to start such attempts to improve the economy of the district, state and nation. Gradually the kuri companies developed into scheduled banks in Trichur after the long period of their service. The Chits and Banks transformed the rural face of Trichur to Urban and more affluent.

CHAPTER V

ROLE OF KSFE IN THE ECONOMIC EMPOWERMENT OF TRICHUR

The establishment of *Kerala State Financial Enterprises Limited* (KSFE) in 1969 was the milestone in the history of kuri companies in Kerala. This initiation of the government can be considered as a stepping stone of organised and systematic involvement in the kuri business which was a monopoly of private sector. The entry of government sector is the fourth stage of evolution of kuri companies into a well established financial institution. Trichur was the platform where the government sector nurtured in this sphere. It was accused that the common public were severely cheated and exploited through the malpractices of the foremen by imposing acutely high rate of interest and high discounting charges for auction. There was no control over the unregistered chit funds which expertised in grievous malpractices in order to make profit. This led to concentration of economic power in the hands of the few and severe inequalities among the people. The government initiative into this field was justified on this background of controlling private sector and providing a strong venture for the public to keep their savings safely and to provide a reliable source of borrowing. But on the other side of the coin it can be read that government sector had a strong intention of making profit through the entry into this field.

KSFE had succeeded in acquiring the confidence of the common man and sufficient number of subscribers through the initiation of diversified and new ventures of projects. They have assured 100% reliability in money matters and the practice of prize chit was not prevailed with KSFE. The subscribers could auction at each instalment and loans could availed through passbook. Thus the aim, 'saving cum borrowing' has been fulfilled through

the intervention of KSFE and it has spread out its wings in all districts of Kerala, Trichur being the head office.

This chapter discusses the origin, development, and role of KSFE in the economic empowerment of Trichur.

5.1. Origin of KSFE

As per the policy decision taken by the Government of Kerala in 1967, the arrangements were made to start chit funds under public sector. This bold step was welcomed by Shri. P.K. Kunju, the Finance minister, in his budget speech for the financial year 1967-68. A special officer was appointed by Government of Kerala to enquire about the possibilities and challenges in starting a kuri company under state government and prepare a scheme for that.¹ In order to control the excessive growth of Private chit funds in Kerala by providing a tough competition to them through state owned kuri company is the motive behind this. The entry of government in the kuri business was strongly supported in the report of the special officer. The State government took a decision based on the report and started new schemes. The guiding force for KSFE in its initial time of emergence was the expertised service of two important personalities who were the strong pillars of *Dharmodayam company* in Trichur. The main guidelines implemented by the government sector were the control and unification of rate of commission imposed by the foremen and the precautions for charging not more than 25% of discount at the time of auction. Socialisation process was also aimed by the government through the establishment of a kuri company under the control of the government.

1. Sreedharan Menon, K. A., *Schemes for Starting Chitties under State Auspices*, Trivandrum, Kerala State, 1967, P. 16.

The first Board of Directors was constituted as per G.O. (Rt.) 4876/69/Fin dated 26th November 1969. In 1970, KSFE functioned with a network of 10 branches and a paid up capital of Rs.2 lakhs, by the Government of Kerala with an authorized share capital of Rs.25 lakhs. This was later increased to 50 lakhs and 100 lakhs. The share capital contribution of the government was progressively increased from time to time. In 1970-71 it rose to Rs.7 lakhs from Rs.2 lakhs and to Rs.12 Lakhs in 1971-72.It increased to Rs.28 lakh in the year 1977-78. Now the company has a commendable branch network of 252 branch offices and a paid up capital of Rs.3 crores. The company employs 3468 people directly and 2000 people indirectly.²

The registered office started functioning at Trichur in early December 1969. The company was fully owned by the Government of Kerala. The share capital 2 lakhs was collected through the 2000 equity shares of Rs.100/-. This was received in two instalments of Rs. 1lakh each on December 1969 and February 1970.³ Details are given below:-

1. 16-12-1969 - 50 shares to the Governor of Kerala
2. 17-12-1969 - 948 shares to the Governor of Kerala
3. 17-12-1969 - 1 share to Shri. K.V. Thomas, Managing Director, KSFE
4. 03-02-1970 - 1 share to Shri. P. Velayudhan Nair, Finance Secretary to Government of Kerala.
5. 27-02-1970- 1000 shares to the Governor of Kerala.⁴

2. Habeebu Rahiman. P. M. , “*The role of Kerala state financial enterprises limited in the economic development of Kerala with special reference to Malabar region*” Thesis. Department of Commerce & Management Studies, University of Calicut, 2006.

3. Annual Report of KSFE, 1969, p. 5.

4. *Ibid.*

Various Schemes were started by KSFE in order to cater to the needs of the different sections of the population. Chits and deposit schemes were started by them to channelize the money from sufficient area to deficit area. Loans were provided to the needy for owning houses, household assets, motor vehicles, equipment for self-employment, and capital for small traders. Agriculturists, industrialists and professionals were given credits according to their needs and played a great role in financing the low-income people of the society. People of Trichur got a golden chance to invest their money in KSFE in a safe mode by the initiation of four such kuries/ chitties in 1970.⁵ The starting date, sala of chitty amount, foreman's commission, and the number of instalments are given in table 5.1.

Table 5.1. The kuries/ chitties were started by the company in Trichur branch in 1970.

No. of Kuri/Chitty	Date of Starting	Sala/Chitty amount	Foreman's commission for 1st instalment	No. of instalments
18/1970	03-04-1970	Rs.12000x2	Rs.480/-	60
19/1970	06-04-1970	Rs.30000x2	Rs.1200/-	60
21/1970	08-04-1970	Rs.1000x2	Rs.400/-	40
36/1970	10-08-1970	Rs.7500x2	Rs.300/-	40
Total-4		Rs.119000/-	Rs.2380/-	

Source: Annual Report of KSFE, 1970.

5.2. The management of the company

There was a board of directors for the management of the company constituted by the company. Two directors were appointed by the Governor as

5. *Ibid.*

Chairman and vice-Chairman. The supreme governing body of the company was the general body including all the shareholders.⁶

At the initial stage of KSFE, under Article 18 of the Articles of Association of the company the Governor of Kerala was pleased to appoint the following persons as members of the Board of Directors of the Company⁷:-

1. Shri T.Madhavan Nair, Advocate, Palghat.
2. Hamid Ali Shamnad, Advocate, Kasaragod.
3. K.P.Kuttykrishnan Nair, Ex.M.P., Calicut.
4. K.Sivadasan, Advocate, Quilon.
5. E.M.Joseph, Advocate, Palai.
6. S.M.Noohu, Trivandrum.
7. P.Velayudhan Nair, Finance Secretary to the Government of Kerala.
8. M.Sivadasa Menon, I.G. of Registration, Kerala.
9. K.V. Thomas, Director of State Lotteries, Kerala.

Shri. T. Madhavan Nair was appointed as Chairman, Shri. Hamid Ali Shamnad, as Vice-Chairman and Shri. K.V.Thomas, as the Managing Director of the Company.

5.3. Objectives

The objectives of the company are listed in the Memorandum of Association of the Company. Start new kuries and its management not only in

6. Habeebu Rahiman. P. M. , *op cit.*, p. 94

7. Annual Report of KSFE, 1969, *op cit.*

India but also abroad, undertake insurance business, and to manage dealer's agents and traders under higher purchase system were the important objectives. Starting, promoting, running, managing all these fields with a missionary zeal was the aim forwarded by the founders of KSFE.

Besides these, there were many other objectives which are incidental to the main objectives -

(1) to advance, deposit or lend money

(2) to receive or grant or concession of any nature.⁸

5.4. General Administration

The general administration of the organisation and control of business development were initially centralised. Regional offices came into existence with regional managers due to expansion of the business activities. The head office was the controlling body at the top, the regional offices worked the intermediaries between top and bottom and the different units functioned in the bottom level which were the profit generating centres. These units had engaged in chitty business and hire purchase financing as their main products and acceptance of deposits from the public as a parallel product. The total activities of KSFE were grouped on functional as well as product basis in the head office.

a. The following are the product departments

1. Chitty department

This is headed by chitty officer who is directly responsible for the chitty administration of the company.

8. Habeebu Rahiman. P. M. , *op cit.*, p. 94.

2. HP department

This is headed by the Hire Purchase Officer, who is directly responsible for the hire purchase administration of the company.

b. The functional department consists of

1. Accounts department

This department is headed by the accounts officer. The main functions are planning, budgeting, compilation of accounts etc.

2. Administrative department

This department was headed by the administrative officer. He is in charge of the personnel administration, salary, industrial relations, manpower planning, etc.

3. Secretarial department

This is headed by the company secretary. He is responsible for the functions conferred on him by the Companies Act of 1956. He is also responsible for the general administration including purchase, printing etc.

4. Legal department

This is headed by the part-time legal advisor. He is assisted by a legal superintendent. He has to advise the company on routine legal matters.

5. Internal Audit Department

This is headed by internal audit officer. Three assistant teams will exercise internal check and audit and thus will assist the audit officer. The departmental heads (Administrative Officer, Legal Superintendent and internal audit officer) report directly to the Managing Director. The chitty officer and HP officer report directly to the business manager and the Accounts officer reports directly to the Finance Manager.

At present there are 5 regional offices, headed by regional managers. The activities of the regional managers are grouped functionally as well as product wise. They are mainly responsible for the proper and healthy functioning of the branches and to be in charge of the overall growth and development of the branches under their jurisdiction.⁹

5.5. Products of the Company

The main products of the company were:

Chitty ,New chitty loan ,Passbook loan , Hire purchase (General), Employment Oriented Hire Purchase , Trade Finance, New Housing Finance , Gold loan, Fixed Deposit , Loan on Fixed Deposit , Sugama Deposit , Reliable Custom loan , and Customer Vehicle loan.¹⁰

5.5.1. Chitty: the main product of KSFE

Chitty provides a golden chance to incorporate the advantages of both investment and advance. The chitty instalments were varied according to the capacity of the subscribers and the duration of chitties are also different. The prize money will get to the subscribers by auctioning it for the maximum reduction of 25%. If there is more than one subscriber to bid the prize money, lot will be taken to select the winner. Every subscriber will get a chance to receive the prize money through bidding and they must contribute the periodic subscription till the end of the chitty.¹¹ During the initial stages of KSFE, the informal private chit funds were allowed to bid the prize money allowing maximum reduction of 50%. Malpractices were also done by the foreman of the informal private chit funds to increase their benefits from this.

9. *Ibid*

10. *Ibid*.

11. <http://ksfe.com/2017/10/26/chitty/>; www.ksfe.com.

A) Pravasi Loan

The large scale migration of the people of Kerala to Gulf countries in the twentieth century had a positive economic impact in our country. About 50 lakhs of people in Kerala were supported by Gulf remittance. NRI chitties were designed by KSFE to save money from their earnings and to exchange money from sufficient area to deficit area as loans.¹²

Thrissivaperoor Express published news related to the pravasi loan of KSFE in its Special Jubilee Supplement in connection with Golden Jubilee of the birth of Trichur district. “Vikasanakuthippinu Pravasi chitty” is the article published by them.¹³ It provides a beautiful narration about the pravasi chitty of KSFE and its benefits.

B) Passbook loan

KSFE provides passbook loan to the non-prized members who have no default in instalments. Passbook loan is a relief to the subscribers because it never demanded any other security.

12.50% for simple accounts and 14.50% for defaulted accounts is the rate of interest fixed for passbook loan.¹⁴

5.5.2. Insurance

Insurance programmes were started by KSFE for its subscribers. When the subscriber is not in a condition to remit the instalment due to accident, death or permanent disability, KSFE provide chance to the subscriber to link his kuri with insurance scheme and remit the instalment without any default.¹⁵

12. *Ibid.*

13. “Vikasanakuthippinu Pravasi chitty”, Thrissivaperoor Express, Golden Jubilee Supplement of the birth of Trichur district.

14. <http://ksfe.com/2017/10/26/chitty/> *op cit.*

15. *Ibid.*

5.6. Branches of KSFE in different districts of Kerala

KSFE started in different districts of Kerala from 1969 onwards. On March 1970, KSFE had branches in 10 districts of Kerala and functioned there with high potential. The efficiency of this financial institution makes a paradigm shift in the economy of Kerala, especially in Trichur district.

Table 5.2. District-wise network of Branches in the State as on 31-03-1970.

District	Date of establishment
Trichur	06-11-1969
Thiruvananthapuram	26-03-1970
Palakkad	21-04-1970
Quilon	05-08-1970
Malappuram	17-08-1970
Alleppey	18-08-1970
Cannanore	17-09-1970
Ernakulam	15-09-1970
Calicut	22-09-1970
Kottayam	23-09-1970

Source: Annual Report of KSFE, 1969-70.

In the 21st century, KSFE had branches in 14 districts of Kerala and influenced the total State economy to a great extent. From time to time, they started more branches in each district of Kerala foreseeing the opportunity to start chitties and other businesses.

5.7. Staff Recruitment

The advice of the experts from Dharmodayam Company limited in Trichur was an asset to KSFE, which was started with 45 employees. All the appointments to the different posts are made through recruitment by Kerala Public Service Commission. The company has a training cell to impart

training to the officers and staff including new recruits to develop their ability to meet the requirements of the job assigned to them. The main business of KSFE was Chits. Today, KSFE has hundreds of daily wage earners as workers on contract in many branches.

5.8. Growth in the volume of Business

Annual chitty turn over and the profit from other outstanding schemes were included in the total business. “The aggregate Sala and Turnover of chitties in KSFE will show the growth of chitty business in Kerala”.¹⁶ KSFE became an agency for mobilising micro finance from Trichur through different types of chits and led to the growth of economy in Trichur. The savings collected through chits were provided as loans to the needy for consumptional productive purposes.

Table 5.3. The Aggregate Sala and Turnover of running chitties / kuries of KSFE, Trichur (in lakhs)

Items	31-03-1971	31-03-1972	31-03-1973	31-03-1974	31-03-1975
Aggregate Sala	2.39	5.27	7.35	6.85	7.12
Turn over	16.38	46.19	74.44	72.19	80.00

Source: Annual Reports of KSFE from 1969-1975.

Income of KSFE gathered from Foreman’s commission, interest earnings on Hire-purchase advances, other interest receipts, and miscellaneous income. From 1971-72 onwards the Audit report of these items are available. The table below shows the growth of business in KSFE from 1970-75.

16. Sallyamma Job, *op cit.*, p. 123.

Table 5.4. Growth of Chit Business in KSFE from 1970-71 to 1974-75

Year	Aggregate sala of all branches together	Annual chitty turnover(salax12) (RS in.Lakhs)	Growth rate of chitty turnover (RS in Lakhs)	No. of subscribers	Growth rate of no. of subscribers
1970-71	10	120	-	-	-
1971-72	31	372	210.00	-	-
1972-73	48	576	54.84	75000	-
1973-74	58	696	20.83	79000	5.33
1974-75	70	840	20.69	83000	5.06

Source: Sallyamma Job, unpublished Ph. D thesis, 2003, p.101.

5.9. Growth of Income

Income of the company comes from the Foreman's Commission, interest earnings on Hire-purchase, other interest receipts, miscellaneous income, and profit on sale of motor car. The progress of the company from 1969 to 1975 clearly figured in table 5.5.

Table 5.5. Statement of Income –KSFE

Items	1971-72 Rs Ps	1972-73 Rs Ps	1973-74 Rs Ps	1974-75 Rs Ps
By Foreman's Commission	11,09,991 25	22,55,544 79	31,36,323 73	35,20,105 50
By interest earnings on Hire-purchase advances	53,448 56	1,57,566 62	2,72,147 46	3,34,041 16
By other interest receipts	1,74,650 48	4,24,009 27	5,72,132 13	9,18,964 86
By miscellaneous income	1,75,104 77	2,93,467 05	4,21,350 55	4,23,039 54
By profit on sale of motor car	-	-	-	6,867 36

Source: Annual Report of KSFE-1969-1975.

Assets of the company include items such as Fixed Assets, Current Assets, and Loans & advances. The five years of KSFE's work and progress is evident in the table 5.6.

Table 5.6. Assets of KSFE from 1969 to 1975.

Items	1969-70	1970-71	1971-72	1972-73	1973-74	1974-75
Fixed Assets	48,787.17	1,42,447.89	1,90,438.38	2,58,682.83	4,01,735.23	6,83,522.64
Current Assets	1,24,644.06	49,11,856.13	2,35,02,503.50	39,35,832.77	56,32,383.66	59,99,966.64
Loans & advances	16,575.46	1,06,181.99	2,38,43,154.49	4,70,06,491.17	6,96,79,609.37	8,93,62,584.36

Source: Annual Report of KSFE 1969-1975.

In order to find the growth rate of KSFE, it is good to find the ratio between current assets and current liabilities.

Table 5. 7. Ratio of Current assets and current liabilities of KSFE from 1969-1975.

Year	Current Asset	Current Liabilities	Ratio
1969-70	1,24,644 .06	2,76,814 .99	0.45
1970-71	49,11,856 .13	57,66,449 .52	0.85
1971-72	2,35,02,503 .50	2,21,36,688 .02	1.06
1972-73	39,35,832 .77	8,74,45,837 .00	0.04
1973-74	56,32,383 .66	4,70,10,936 .33	0.11
1974-75	59,99,966 .64	6,87,09,467 .78	0.08

Source: Annual Report of KSFE from 1969-70 to 1974-75.

5.10. Hire purchase Division of KSFE

Hire purchase Division of KSFE continued to operate from Trichur as a separate division from 1970 onwards. The following table gives a picture of the pace of progress of this division till March 1975.

Table 5.8. Progress of the Hire Purchase Division from 1970-1975.

The Articles Supplied	1970-71	1971-72	1972-73	1973-74	1974-75	Total
Motor Cars	5	24	10	10	13	62
Bus	-	-	-	-	1	1
Motor Cycle & Scooters	39	192	198	161	111	741
Refrigerators	6	85	195	210	135	641
Air-conditioners	-	-	2	7	2	11
Cinema Projectors	-	-	2	-	1	3
X-ray Unit	-	-	-	-	-	-
Auto Rickshaws	-	-	2	-	1	3
Pick-up vans	-	-	-	1	-	1
Lorry-Chassis	-	-	-	1	-	1
Block-Makers	-	-	-	1	-	1
Fans	-	-	69	121	82	272
Radios	-	-	53	161	137	351
Domestic Pump-sets	-	-	36	122	81	239
Sewing Machines	-	-	2	12	17	31
Washing Machines	-	-	2	3	7	12
Steel furniture	-	-	-	6	11	17
Cycles	-	-	-	-	1	1
Typewriter	-	-	-	-	1	1
Amount of advances disbursed(Rupees in lakhs)	1.99	9.85	14.71	16.02	14.63	57.20

Source: Annual Report of KSFE, 1974-75.

5.11. Benefits to the Government

“In the present day scenario, KSFE provides crores of rupees to the Government of Kerala in every year by the way of guarantee commission, service charges, and dividend. There are two types of benefits given by KSFE to the government of Kerala”.¹⁷

5.12. KIIFB

Kerala Infrastructure Investment Fund Board (KIIFB) is the technical partner of KSFE ‘*Pravasi* chitties’. KIIFB is a government institution to mobilize funds for the long-term developmental projects of the State government. One of the major sources of its revenue is NRI chitties.¹⁸ It allows the investors to become partners of the developmental activities of the State without any financial liabilities. Today, KIIFB is more famous in its activities and though the advertisements given by politicians.

5.13. Current crisis faced by KSFE Ltd.

KSFE is playing a very useful role in assembling the small savings of the people and promoting savings and investment through various programmes. Chitty is its main business. It is the only financial institution in Kerala which conducts chitties in the public sector. Thus it has the monopoly power in conducting chitties. There is no other state in India with similar types of organisations. Yet, it is not free from problems. The important problems faced by KSFE are explained here.

The government of India, Reserve Bank of India, and the Kerala State government are the commanding offices of KSFE. Hence, decision-making is very difficult. Over centralisation and State control lead to certain problems.

17. <http://ksfe.cm/2017/10/26/chitty/>; www.ksfe.com

18. *Ibid.*

Staff shortage is considered another weakness in the operation of KSFE Ltd. In majority branches, daily wage workers are appointed on contract basis i.e., different pay for the same job affects the work morale of the employees. Moreover, the number of the staff is not up to the requirements of the branches.

Lack of computerisation in the Head Office and branches is another serious problem. Majority of other financial institutions and even private financial institutions are almost computerised. Lack of computerisation in KSFE makes unnecessary delays in discharging the duties including payment of prize money to subscribers.

Problems of charging high default interest are yet another problem faced by KSFE. HR training and development programme are also lacking in the company. This is another handicap.

Though it has so many problems of this kind, it has great prospects in the future.

5.14. Contribution of Chit Scheme to the Total Revenue of KSFE

Income from chits, profit from loans, and earning from interests led to the increase of revenue to KSFE. Normally, the income of the company includes Foreman's commission (5 per cent of Chit), salary, interest on Chit loans, interest on statutory tickets of the Company, and the profit on substituted tickets.¹⁹

In order to avoid default, a rate of interest will be charged by every kuri company upon its subscribers and it increased the companies' revenue

19. According to the Chit Act, Foreman by law is a holder of a ticket (one number) in each division of Chit conducted by him. This membership by the foreman in a Chit is called statutory Ticket.

.The rate of interest for default is high in KSFE compared to other kuri companies.²⁰

5.15. Role of KSFE in Economic Empowerment

KSFE played a key role in the economic development of Kerala State. Its economic role is prominent especially in Trichur district. The people of Trichur had trust worthy chits for their saving cum borrowing purposes. A number of chits were started in every nook and corner of Trichur. This mushroom growth leads to competition and conflicts among them. In certain cases, cheating of subscribers happened by the misbehaviour of foreman. The economic greed of the foreman also leads to chit scams. These things got the attention of the authorities and they took measures to control these ill treatments by the informal and private sector kuri companies.

KSFE is the good initiative taken by the government of Kerala to empower the people of Kerala. It had branches in all districts and the regional office and head office functioned very effectively to mobilize the savings of the people. It was a great initiative in the field of microfinance.

5.16. SWOC Analysis

The strength, weakness, opportunities and challenges of KSFE were analysed on the basis of the survey conducted among the subscribers (Appendix-II). The scoring and ranking method has been applied.

The strength of KSFE as a chit fund company are - safety and security, transparency and openness, branches in all over Kerala, chitty loans, chits of big sala, chits of different durations, proper security for receiving auction amount, innovative programmes and projects, socialisation role, proper repayment system of loans, employment opportunities, and revenue to the state government.

20. M. Mohandas, "Economic Implications of the Central Chit Funds Act 1982: An Appraisal", *Prajnan*, Vol. XVII, No. 1, 1988.

Main weaknesses of KSFE are- demand of high security for receiving auction amount and loan, delay in taking decision at the crucial need of a subscriber, absence of prize chit, lack of proper customer care, lack of professional skill, high rate of interest for loans, harsh dealings towards defaulters, absence of door to door collection, lack of daily kuries, lack of technological support, high default rate, and high cost of running.

Opportunities of KSFE are - Exemption from Kerala Chitties Act of 1975, high security of 2 salaried persons or guarantee of property for loan, repayment of loan through confiscation of property or seize salary, chit scams in private informal sector, malpractices of the foreman of private unregistered chits , low interest for deposits, and high interest for loans.

Challenges before KSFE are - quick payment of loans in private sector, swift delivery of auction amount in the informal sector, competition from private sector through prize chit, door to door collection by rival groups, attractive incentives to the subscribers like veethapalisa, and very low administrative cost in private sector.

5.17. Conclusion

Informal and private sector Kuri companies are engaged in making profit out of the saving and borrowing programmes of people. At the same time they are a big help for the poor and downtrodden in their crucial necessity. KSFE belongs to the public sector and began to make profit for the government through a variety of programmes. New types of chitties are being introduced by them from time to time. In order to cater to the needs of the wealthy, ordinary and the poor people, they arranged more programmes in the twenty first century. Auctioning of chitty in KSFE is more profitable than bidding it in private sector.

The value of Kuri business was recognised by the government with the establishment of KSFE in 1969. The kuri foreman acquired more status in the society and the social position of subscribers rose to prominence. The

common folk could safely deposit their money in KSFE through chits. KSFE progressed in Trichur by promoting the economic growth of the people of Trichur. It provided job opportunities to the local people and those who got appointment in KSFE migrated to Trichur town for settlement. A qualitative progress in the life style of the people happened in Trichur in 1970s. Through new projects, the subscribers bought new furniture, kitchen utensils, vehicles, and other assets to compete and compare their standard of living with others. Numbers of private vehicles increased in Trichur through vehicle loans. The new mode of conveyance revolutionised the life pattern of people. Transport and communication facilities were modernised and it brought a paradigm shift in their life. Chit scheme was the core business of KSFE and offered chits of different '*sala*' and different duration for the convenience of subscribers. It was the leader of chit business in the formal sector and offered transparency to a high degree. The small scale and cottage industries were supported by KSFE through timely loans. Passbook loans or chit loans helped people to find capital for starting enterprises and seek self-employment programmes near to their houses. The business segment of Trichur thrived with the support of the public sector kuri companies. Socialisation process was another important effect put forward by KSFE while providing a podium for social mingling in each instalments. Meeting of the subscribers create a feeling of oneness among them. Each subscriber had a chance for associating with one another at the instalment days and discuss about their problems, plans, and aspirations. KSFE played an active role as the agent of socialisation in Trichur. The entry of public sector in the kuri business was a grant success and innovative programmes and projects were implemented in this field by the government initiative. As Trichur is the headquarters of KSFE, the entity has undoubtedly led to the economic empowerment of the district.

CHAPTER VI

LEGACY OF KURI COMPANIES IN THE SOCIO-CULTURAL TRANSFORMATION OF TRICHUR

The establishment of the institution of money in the economic system created remarkable change in the society. Commercialisation of Agriculture and establishment of plantations in Kerala led to increase in production under the British leadership. From 1860 onwards finance capitalism began to influence the World Economy. The wide use of capital in the process of production took place and the capital goods were owned privately by individuals or corporations. Private property, large-scale production, profit institutions, competition, price mechanism, wage institution, money and credit, business organization and market economy were the economic bases of capitalism.

India was known for its handicraft industry and jewellery of rare design and great worth during the pre-British period. In the beginning years of the British period, India flourished in plantations and factories. Industrial progress was seen throughout the country only by the later years of the nineteenth century. During this period, agricultural economy transformed to an industrial economy. It was around this period; unit type banking had begun and mushroomed throughout India. The technological revolution during the 1920s brought about many changes in the economic sector.

From the beginning of the 19th century, traditional industries were coming up in Cochin. By 1920, an economic survey was conducted and an Industrial Advisory Board was established. In 1925 when the Economic Development Committee was formed, the Industrial Advisory Board was merged into it. Shri. Shanmugham Chetty was instrumental in the economic

development of Cochin during this period. New industries like the Alagappa Textiles, the Cochin potteries, the Victory Chemicals, and Pharmaceutical works, the Tata oil mills, etc. were established. Industrialization in Malabar owes to Basel missionaries and their economic activities. From 1834 to 1914, the Basel missionaries established textile industry and tile industry in Malabar and the local people enjoyed their economic benefits.

6.1. Transformation of the Economy of Trichur

Sakthan Thampuran, the Raja of Cochin, realized that the mercantile activities of the westerners gave them wealth and power. So he desired to strengthen commercial activities and enhance this power. In order to strengthen the trade and commerce in Trichur, he brought a number of Christian families with marketing expertise in 1793 and settled them in Puthanpetta. All the necessary preparations for the safe conduct of the trade activities in Trichur were done by the Raja.¹ He himself engaged in different kinds of trade activities within the country and with foreign countries in a range of commodities. By the support and stimulus provided by Sakthan Thampuran, the people of Trichur flourished in trade and commerce. The Christian merchants in Trichur found the capital to initiate trade through chit funds instituted by Sakthan Thampuran. During his time, the economy of the Kingdom developed through mercantile activities, agricultural production, etc. Changathikkuri and modern kuri companies developed during this period and began to influence the economy of Trichur. Even during the twentieth century, the capital for investing in business enterprises comes from the kuri

1. Sreedhara Menon. A., *Kerala Charitram*, Kottayam, DC Books, 1967, pp. 369-70.

companies as loans. The legacy of kuri companies is very significant in the economic growth of Trichur.²

The economy of Trichur transformed from traditional agriculture production to trade and commerce during the twentieth century. The urge for this change comes from the colonial mercantile policies of the westerners in Kerala. Tipu Sultan constructed new roads in Trichur district for the easy transportation of his army. Gradually these roads played its role in the development of trade activities. The Railways and roads in Trichur district were the main connecting links between Northern and Southern parts of the state for collecting and distributing articles for trade and commerce. The loans from kuri companies helped the merchants to finance commercial ventures. Technological developments helped to start many small-scale industries in Trichur. Many industrial workers began to inhabit in Trichur and the density of the population of the locality increased and the rural economy of Trichur gradually changed into an urban economy.

The Informal finance institutions in Trichur district were very much efficient in conducting all the economic transactions at a high speed than the formal financial institutions. It was the headquarters of three major scheduled banks- *The Catholic Syrian bank, South Indian bank and Dhanalakshmi bank* and a number of efficient chit funds.

Kuri companies and banks were the main sources to strengthen the economy of the region. Merchants needed banks for money and banks needed merchants for deposits and credits. Both are interdependent and flourished in a self-determining way and became indivisible components of economy.

2. R. Krishnankutty Nair, “ Thrissurile Banking Kuri Sthapanangal”, *Golden Jubilee Souvenir of The South Indian Bank*, Trichur, 1980.

In the nineteenth and twentieth centuries, pallikkuris, Banks, Co-operative societies, KSFE, etc. grew in Trichur district which improved its economic strength. A well-developed banking system is a necessary pre-condition for economic development in the modern economy. Banks are to be considered not merely as dealers of money but also the leaders in development. They are not only the store house of the country's wealth but are also the reservoirs of resources necessary for economic development.³

Lourdes Church Kuri Trichur, pallikkuries at Palayoor, Pattikkad, Kottekkad, Ollur, Aranattukara, etc. played their role in the economic development of the region. These kuri companies began prior to the Indian Companies Act of 1913 and had functioned informally. The Dharmodayam Company was the first chit fund formally started to function, following the regulation of the Act in 1919. Majority of the kuri companies started prior to the Act were registered in course of time. *Dharmapooshanam, Kshemavilasam, Bharathakshemam, Kshemodayam, etc.* were some of the other successful kuri companies of the period. They acted as well-organized agents in the mobilisation of savings. Microcredit and micro savings were the two main functions of these kuri companies. Capital formation is an important determinant of economic development and banks promote capital formation.

Banks acted not only as the store house of the wealth of people, but they were also the reservoirs of resources necessary for economic development. *Chaldean Syrian Bank, Catholic Syrian Bank, Dhanalakshmi Bank, South Indian Bank, and Lord Krishna Bank* were active during this period.

3. *Ibid.*

6.1.1. Chits as agency for Savings

The kuri companies in Trichur effectively functioned as agents for mobilising savings and borrowing it to the needy. Money was mobilised from the 'haves' and was made available to the disadvantaged. The fluidity of the flow of money from areas of sufficiency to that of deficiency through the chit funds can be clearly discerned.

Kuri companies or Chit funds are essentially indigenous saving associations. In the usual process of Social growth, the kuries were transformed into new institutional forms like joint stock banks. Microfinance is presented as a modern concept introduced by Muhammed Yunus in West Bengal in the last quarter of the twentieth century. But from the observation made so far, it can be understood that micro financing is an age old practice carried on by the kuri companies from the time of its inception. Chit funds delivered opportunities to the subscriber to deposit and take loans on the same chit. The first bank in Trichur, Chaldean Syrian bank was started in 1918. The Chaldean Syrian Kuri Company was established and was in full-fledged operation since 1830's. Due to its capacity to generate easy credit and the convenient mode of operation, kuri companies were popular among the villages in Kerala. More than 67% of the subscribers of these kuri companies came from villages in 1969.

Even before the starting of banks in Trichur, the chit funds professionally worked in Trichur. In this case, instead of interest, they got *veethapalisa*. Even though it was an attraction to the subscriber, his ultimate interest was on prize money or on auction at a time of necessity. Chit funds in Trichur played an important role in the financial intermediation during the twentieth century. Through daily kuri, weekly kuri, and Pooval kuri, large sums were collected as savings in short term and long term intervals. The

ability to save and willingness to save are the two factors which promoted capital accumulation.⁴

The chit funds started by individuals were accessible to each and every household of the locality. Daily kuries were collected by the chit proprietors from the house of the subscriber. According to Arnaldo Mauri , a financial intermediary is needed to mobilise savings from the local people through safe deposit and attractive returns.⁵ Collection from grass root level increased the rate of savings. Loans were provided to the needy villagers without any security and their savings was collected daily from their houses or work area. This system worked effectively in the rural areas, where people knew each other. The success of chit funds at this stage was based on familiarity among the people and their mutual trust.

Three distinct but interdependent activities are included in the process of capital formation. (a) Increase the volume of real savings: by this, the resources that would have been used for consumption purposes can be channelised for other purposes,(b) Introduce a finance and credit mechanism: by that, the resources may be claimed by the investors, and (c) The act of investment itself: that is the resources are used for the production of capital goods.⁶ Capital formation thus mainly depends “on the effectiveness of the institutions which funnel the money capital flows”.⁷

4. Irma Adelman, *Theories of Economic Growth and Development*, London, Oxford University Press, 1962, p. 53.

5. Arnaldo Mauri, “A Policy to Mobilise Rural Savings in Developing Countries”, *Savings and Development*, No. 1, 1977, pp. 14-25.

6. Meir Gerald M. and Baldwin Robert E., *Economic Development, Theory, History and Policy*, Bombay, Asia Publishing House, 1964, p. 343.

7. Adolf Entheneve, J. H., *Accounting and Economic Development Policy*”, New York, Americas Elsevier Publishing company, 1973, p. 45.

Kuri companies can mobilise savings through different types of kuries such as short term and long term kuries. But it can be used either for productive or unproductive purposes. In majority of cases, it was used for economically unproductive purpose like marriage, festivals and other ceremonies. Though house construction is productive from the economic viewpoint, it is considered as an asset.

Kuri companies are helpful for compulsory savings among ordinary people. If any subscriber didn't pay the instalment on due time, a fine imposed upon him/her and that person will not be eligible to get *veethappalisa*. So he/she was forced to pay the instalment without fault. The subscriber should compulsorily 'save' to 'deposit' in time. Either he gets the lot or takes the sum by auction, subscription fee must be paid in regular intervals or the prize money could be deposited. Generally, the savings through these chit funds were utilised for starting or running business firms and industries. As a result, trade and commerce flourished in Trichur during the twentieth century. Vegetable traders took auction of their chit worth of Rs.50000/- and utilised that money to buy vegetables on wholesale rate, which sometimes enabled them to earn up to double the amount.⁸

The economic growth of Trichur in the twentieth century owes to a great extent to the well-organized running of kuri companies during previous periods.⁹ Trichur became the commercial hub due to the efforts of Sakthan Thampuran for which the chit funds provided a significant contribution.

8. Porinchu. K. V., (86), Former Assistant Manager, Our Lady of Dollars Basilica Kuri Company, Thrissur, interviewed on 12-12-2016.

9. John. K. A., (84), Retaired Manager of Damian Kuries, Trichur, kanjiraparamban House, Nellikunnu, interviewed on 13. 10. 2018.

Another fact is that peace and order in a country have great influence over its trade and commerce. These regulatory measures can provide a consistent income to the government which the government would utilize for the effective mechanization of the administrative machinery enhancing peace and stability in the region.

Although the Indian banking sector has made enormous leaps in terms of offering several lucrative and innovative financial products and services, to a large section of population chit funds remain the most popular option among the low and middle-class sections.¹⁰ Chit funds require less documentation and the chit amount collected from the subscriber's doorstep.

The people of Trichur were always eager to join kuri companies. It is quite interesting to know about their intentions behind this. 600 subscribers in Trichur district were surveyed to understand their motivations in joining chit funds (Appendix III).

Table 6.1. No. of subscribers surveyed

District	Total subscribers surveyed	Urban	Rural	Unclassified
Thrissur	600	93	420	87
Total	600	93	420	87
Percentage	100%	15.5%	70%	14.5%

Source: Survey conducted in Trichur district.

Among the 600 subscribers, 93 belong to urban and 420 belong to rural category, 87 belong to the semi-urban and semi-rural category. The survey conducted among the subscribers gives the following information regarding the motivation to join in the chit fund. By analysing the responses, the tables were given related to each topic.

10. Devika K. C., *et al.*, *op cit.*

Table 6.2. The primary motivation to join the chit fund

Motivation	No. of respondents	% of respondents
Saving	306	51
Borrowing	46	7.7
Saving and borrowing	174	29
No response	74	12.3
Total	600	100

Source: Survey conducted in Thrichur district.

About 51% of the subscribers reported that saving as their motivation to join chits. 29% of the subscribers considered it as a vehicle for borrowing and saving, endorsing the view that it is a hybrid product which combines credit and savings together. Only about 7.7% of the subscribers are motivated by the borrowing feature of chits. As a saving vehicle, most of the respondents feel that chit funds help to achieve higher savings amount through periodic subscriptions. Possibly, chit funds enforce greater commitment to savings which leads to larger savings. Nearly one out of six respondents suggests that collection by agents from time to time helps to the accumulation of the lump sum without failure. Very few respondents treat chits as a high return saving opportunity. As a saving instrument combined with borrowing, the participants value the opportunity for the effective withdrawal of the entire accumulated savings through bidding. Noticeably, very few respondents view that there is a direct gain in social engagement from the membership of chit funds. Overall, the popularity of chit funds despite their relatively low ranking on returns is possibly due to their role as commitment devices, they channels flexible spending into savings.

6.1.2. Chits as sources for borrowing

Kuri business affords credit facilities to the vast majority of middle and low-income groups of the population for a variety of purposes such as

agricultural operations, small scale industries, redemption of debt, education of children, marriages, construction and repair of houses, etc. Chit funds act as suitable financial agency in places where banks have not developed innovative policies for the benefit of ordinary persons.¹¹Till 1969, the banks actively functioned for the service of wealthy people. At this point; Kuri companies played an important role in the transformation of Trichur.¹²

Borrowers value the chance to obtain the lump sum at any point in time over the tenure of the fund. The value placed on the flexibility endorses the economic role served by chits as insurance. The insurance role is valued by the self-employed who face unstable incomes, which constitute about 40% of the respondents. The repayment flexibility in chit funds, as it can be paid off as an amortizing loan unlike many conventional bank loans, is highly valued by the members. Despite the ability to time the borrowing, responses suggest that chit funds are not regarded as an informal borrowing opportunity, possibly due to the formal nature of chits in the sample. As a borrowing option, chit funds are among the top-three options which offer loans at the lowest interest rate, along with banks and informal borrowing from family and friends. At the same time, it is not widely regarded as the cheapest borrowing option. However, as the maximum discount allowed in bids is limited to 30% of the sala by regulation, the effective interest rate would be capped at 30% in a fund with one year tenure, even for the prized bidder at the very first round. For longer funds, the interest rates decline in the tenure of the fund. Overall, it appears that the insurance role and the amortizing nature of chits are highly valued in chit funds.¹³

11. P. P. Varghese, *op cit*, p. 98.

12. *Thanal*, Bharathakshemam Nalpatham Varsha Smaranika, Mani Pius (Edr.), Bharathakshemam Thrissur, 2005, p. 30.

13. Sobhesh Kumar Agarwalla, Samir K., *et al.*, *Chit Fund Participation and Sources of Economic Value*, Field Survey Analysis Report, Indian Institute of Management Ahmedabad, December 9, 2016, pp. 3-4.

Table 6.3 Economic Role Played by Chit Funds in Trichur District (For Borrowing Purpose)

Option for borrowing from Chits	No. of Respondents	% of Respondents
Insurance & Repayment flexibility	240	40%
Discount allowed in Bids	180	30%
Effective interest rate	180	30%
Total	600	100

Source: Survey conducted in Trichur district.

Table 6.4. Advantages of using chits as a borrowing instrument

Advantage	No. of respondents	% of respondents
Flexibility to bid	354	59
Lower effective rate	60	10
Greater transparency	72	12
Less Formalities and security requirements	96	16
Social value	18	3
Total	600	100

Source: Survey conducted in Trichur district.

While the lack of formality is believed to be a valued feature of chits in many parts of the world, the respondents in the present study are members of highly institutionalized and formalized chits. In line with the formal nature of the funds, it is found that ‘Formalities and security requirements’ of chit funds are valued by only about 16% of the members. While borrowing through chit funds involve no explicit interest cost, the excess of the sum of periodic payments over the amount of the successful bid by a member leads to implicit

interest cost. Only about one in four members feel that the chit funds provide credit at low-interest rates compared to other borrowing avenues (Table 6.4).

The kuri companies and microfinance institutions facilitate capital formation and accelerate the speed of economic development in Kerala especially in Trichur district during the twentieth century. Both kinds of financial institutions mobilised money for capital formation and played their role for the urbanisation and growth of Thrissur. The Rotating savings and credit Associations also channelize the money from sufficient area to deficit areas for development.

One of the most important impacts of the functioning of these financial institutions is women empowerment. The female section got economic freedom and they began to play an active role in decision making in the family and in the society. The womenfolk received microcredit through Self Help Groups from microfinance institutions like ESAF to start a business or to invest for self-employment. We can notice the names of women among the subscribers of Chit funds even from the beginning of the twentieth century. Kuri companies work as microcredit organizations in Trichur and largely meet the credit needs of the poor borrower.

Kuri companies influenced the everyday life of the people of Trichur during the twentieth century. The impact of kuri companies affected the economy, society, culture, politics etc. Microcredit is the simple, cost-effective and magic formula for the poor to eradicate poverty. Microfinance charted the roadmap for all-round development. Kuries were the dominant financial intermediary for enriching the economic life of individuals through the means of cooperative funding. According to Tara S. Nair, microfinance is considered as a new solution to the old problem of poverty.¹⁴Banking

14. Tara. S. Nair, "The Transforming world of Indian Micro Finance", *Economic and Political Weekly*, April, 2005, pp. 1695- 1698.

institutions in a developing economy often fail to meet the loan requirements of the poor. This is because the poor often have no collateral to offer and the absence of complete information results in moral hazard and adverse selection by formal sector banking institutions.¹⁵

The rationale of an Auction Chitty or Business Chitty is that the borrowers and lenders meet to fix the rate of interest and since there is more than one borrower competing for the same amount, a competitive rate of interest is offered. Only the members enjoy the benefits of the scheme. The study highlighted the fact that for the subscribers, the return on subscriptions was not the only consideration. The possibility of getting a lump-sum on easy terms at short notice was a great stimulus. Hence, it is advisable to retain these within the framework of non-banking financial intermediaries as separate non-banking financial institutions controlled under the Chit Funds Act 1982, by the state governments.

6.2. Entrepreneurship and Small Scale Business by Lower Middle Class

It was kuri companies which liberated the petty shop owners and agriculturists from the clutches of the moneylenders during the nineteenth and twentieth century. Banking service was not available for common people during that time. Naturally they will approach the money lenders to get loans. The lenders take high rate of interest for loans. The small scale entrepreneurs who belong to lower middle class began to take loans from the moneylenders to start business. The rate of interest is very high which varies from 12% to 36% and the petty traders were not in a condition to pay back the instalment in time. For them, the moneylenders were like octopuses who appointed *gundas* to handle such persons. In certain cases, they will lose their property

15. Samapti Guha, Gautham Guha, Microcredit for Income Generation: The Role of ROSCA, *Economic and Political weekly*, 2005, p. 1470.

which will be auctioned by the moneylenders. At this juncture came the advent of kuri companies by the churches to liberate the poor from the cruel hands of the money lenders.¹⁶

During the time of Sakthan Thampuran, the Tamil Brahmins were engaged in the trade of textiles along with money lending. They had the monopoly to engage in the sale of textiles. In the last decade of the twentieth century, Chakkola family of Trichur took the first steps in the business of Textiles. Even before the First World War, the materials for trade ordered by Chakkolas came in boats through Cannolly Canal at Vanchikkulam in Kokkala, Trichur. Bath towel in 'Jagannathan cotton material' was their early item for trade.¹⁷ Gradually, all types of textiles were sold in the textile shops owned by the Chakkola family. They utilised the amount accumulated from trade for starting banks in Trichur. The banks provided loans for starting small enterprises for the enthusiastic youth of Trichur and received deposits from them for rotating it through loans.

Mookken Devassy and Ovungal Devassy were engaged in the wholesale trade of rice by collecting the rice from Aranattukara vanchikkadavu and selling it in the Trichur market. Mookken Devassy married the daughter of Ovungal Devassy and got the house along with landed property. Mookken Thomakutty was engaged in the wholesale of salt business. Nadakkavukaran Ouseph Inasu was the contractor of house construction and earned more money and become one of the founder of Chaldean Syrian Bank.¹⁸ The Christian families such as Chittilappillikkaran, Alangattukaran, Purathukkar, Chettupuzhakkaran, Enchamudikkaran, etc.

16. *Thanal, op cit.*

17. K. A. John, (84), Retired Manager of Damian Kuris, Trichur, Kanjirapparamban House, Nellikunnu, interviewed on 13-10-2018.

18. Mar Aphrem Metropolitan, (78), Patriarchal Vicar, Metropolitan of India & U. A. E., interviewed on 09. 10. 2018.

were the most oldest and famous businessmen in Trichur and they earned a lot of money and fame through trade and commerce.¹⁹

The small scale industries such as tile, wood industries, engineering, rice, food articles, soap and candle, umbrellas, matches, auto mobile products, rubber, and medicine utilised the loans from kuri companies to find its capital for running business in the twentieth century.²⁰ Many other small scale production units were established in Trichur by the financial support of Kuris in 1960s. The city has served as an incubator for many Malayali entrepreneurs²¹ and is a major financial and commercial hub of Kerala.²²

The city is also a big centre for shopping in Kerala for silk and gold jewellery. Trichur attracts the largest number of domestic tourists in Kerala. There are many luxury flats in Trichur. As an indirect effect of kuri companies, the construction field flourished by giving loans to contractors in construction field. In modern times, the *Trichur Kuriland* took its initiative in Flat building also to strengthen its financial background.

Compared to the other districts of Kerala, the private moneylenders were very limited in Trichur because of the efficient functioning of the Kuri companies. After 1975, a paradigm shift happened in this due to the State Chits Act. The private moneylenders utilised the situation to get more interest for loans and the new kuries exhibit the sharpness of blade.

19. Puthezhathu Raman Menon, *Thrissur-Trichur*, Madras, Silpi Publications, 1974, p. 102.

20. P. P. Varghes, *op cit*, p. 114-116.

21. "South Indian Bank sees sunshine in slowdown", *The Economic Times*, 4 March 2009.

22. "Banking/Finance", *The Economic Times*, 4 March 2009.

6.3. Employment

The Kuri business provided direct and indirect employment to several people. Clerks, supervisors, peons and attenders were appointed by the foremen to conduct kuri efficiently. The usual practice among the foreman is to allot two monthly kuries for each clerk. For the total management of a monthly kuri, only one employee is necessary. In 1970s, there are 550 monthly kuries in Trichur and therefore, 550 employees also. In the case of long term kuries, three kuris can be attended by one employee. There are 163 long term kuries which will give employment for 54 employees. KSFE is conducting 21 kuries with 47 employees and 5 head office staff.²³ During this time, unregistered kuries also worked efficiently by providing jobs to many.

Indirect employment opportunities were created by kuries in small scale industries, house construction, business marketing etc. Additional employment opportunities sprung up in agricultural and industrial sectors due to the investment of borrowed money from kuri companies. Paper industry and printing also flourished during this time.

Government also got income from kuri companies through a variety of rules and regulations. Registration of kuries needs 1% of the total sala. Every kuri must register the transfer by subscribers in three months for which a fees of Rs.3/- will have to be paid. For the registration of documents for security, stamp paper is also necessary. Through stamp paper, the Government will get a huge sum of money. For personal security also, as in the case of landed property, stamp paper is desired. For depositing the prize money in the commercial bank, the stamp paper is a must. Therefore, the kuri companies helped to increase the income of the government.

23. P. P. Varghese, *op cit.*, pp. 122-125.

6.4. Film industry

In the first half of the twentieth century, one of the directors of Dharmodayam Company in Trichur started the first theatre in Trichur known as Jose Theatre. By the amount generated from Dharmodayam kuri, Kattookkaran Varunny Joseph bought a manually operating bioscope and achieved a licence of six months validity to run mobile theatres. Temporary tents were made in Andhra Pradesh and different parts of Tamil Nadu to exhibit films, from where they collected a huge sum through the touring theatres. The first cinema hall in Kerala, with a manually operated film projector, was opened in Trichur by Kattookkaran Varunni Joseph in 1907. Later, the touring theatres attracted the people of Kerala and *Global Talkies*, *Regal Talkies* and *Mookken Talkies* in Trichur were very famous among them.²⁴ In 1913, the first electrically operated film projector was established in city again by Jose Kattookkaran and was called the *Jose Electrical Bioscope* now famously known as Jose Theatre.²⁵ The capital for this big effort was raised through the kuries . After that, many new theatres were started in Trichur such as Ragam, Ramadas, and Swapna for promoting the film industry. New films began to reach Trichur and two shows were conducted every day in theatres with tickets. Collection from film was a great source of revenue to the owners.

6.5. Bullion market

Trichur is a consumer district rather than a producer district. Trade and commerce flourished here to contribute its own share to the economy of Trichur. Trichur is considered as the hub of Diamond and jewellery production in South India and is hailed as the head office of gold market from

24. Mar Aprem Metropolitan, (78), Patriarchal Vicar, Metropolitan of India &U. A. E., interviewed on 09. 10. 2018.

25. Uma. K. P., “Thrissurinte Drisyam Madhyama Samskaram”, Piravi 2006, *op cit.*, p. 237.

where it is supplied to Calicut, Trivandrum, Cochin and all over Kerala. Most of the jewellery groups have outlets in Trichur and provide jobs to thousands of people. 70% of plain gold jewellery in Kerala is manufactured in different parts of Trichur such as Kaiparambu, Tholur, Adat, Choondal, Avanur, Perinchery, etc. The artisans based in these units, craft nearly 85 percent of the total one tonne gold which is used per day in Kerala. About 90 tonnes of gold was being used annually in Kerala for manufacturing of ornaments daily. For the purpose of starting capital and maintaining expenditure, the middle class manufacturing owners mainly depended upon kuri companies.

The big businessmen in Trichur like T.T. Devassy & Sons in Chavakkad, Manuel Sons Fashion Jewellery Trichur, Konikkara Jewellers Trichur, P&R Jewellers, etc. found money to run their business from kuri companies during the initial stage. Now they are in the apex of their glory and run their Jewelleries grandly. The owner of Alappatt Palathingal Jewellery was one of the directors of Dharmodayam Kuri Company Ltd. and still continues in that position. James Pallissery, the owner Kavitha Jewellery, and his fore-fathers belonged to the kuri company heritage and now he is one of the directors of the Karuna trust.

Around 3000 gold ornaments manufacturing units are efficiently working in the city and 40,000 otherstate artisans and others work in these units. Jos Alukka & sons, Joy Alukkas, Josco Group, Thottan jewellers, Alappatt Palathingal Jewellery, Chemmannur Jewellers, Konikkara Jewellers, Chungath jewellery, Kalyan jewellers, etc. are famous in this field. Thrissur city is the Gold capital of India since the business of gold every year in the city goes around Rs.700 crore.

6.6. Vegetable business in Trichur

Vegetable market in Trichur is also another testimony for the good impact of chit funds. Those in need of money to do wholesale vegetable business auction the kuri at 50% discount and earn the whole amount of money at the same day through business. Thus it was and is a safe and easiest way to them to engage in business and earn more money without the risk of capital accumulation. ‘*Tharak*’ business was done by the businessmen by using the money from kuries. The Sakthan Thampuran vegetable market, which became live during the second half of the twentieth century is considered as an important economic legacy of kuri companies. Palathingal Rappai and many others were engaged in vegetable business in Trichur Sakthan Thampuran market with the financial support from kuri companies.

In the second half of the twentieth century, Trichur town had a big vegetable market, Rice Bazar, Fish market, Wholesale shops of fruits, gold shops, textile shops etc. Kunnamkulam also served as a good market for vegetables, rice, fish, fruits, etc. In Chalakkudy, the market existed near Vettukadavu. At Irinjalakkuda and Pudukkad, there existed a Chanthakkunnu where weekly markets were very active. Trade and commerce flourished at Mala, Kodakara, Vellikulangara, Chettuva, Vadanappilly, Thriprayar and other places during this period. Weekly markets helped the farmers to sell their agricultural products there and earn money. Fish markets were very active near water sources such as Chavakkad, Chettuva, Munakkakadavu, Valappad, Edamuttam, Enammavu, Vadanappilly, Thalikkulam and Nattika. The demand for Freshwater fish is very high and the people who were engaged in this business earned more money. Fish was exported from Chavakkad beach to distant areas also. The *mukkuva kudies* of this area who earn their livelihood out of the sea also began to find the benefits of the kuri scheme.

6.7. Impact in everyday life

Chits/kuris had great impact in the everyday life of the common people. It created the habit of savings among ordinary people. During the time of *Dhanyakkuri*, *Nellukuri* and *Arikkuri*, the housewives separately reserved a fixed quantity of grain or rice from the everyday use to the kuri instalment without the knowledge of their husbands and made deposits to buy furniture or for the purpose of the marriage of their daughters. For the expenses of house construction, house warming, function of baptism, etc. the ordinary people find a solution in kuri companies and depended upon it in daily life. The household utensils, jewellery and textile materials could be afforded by the poor people through the kuries such as Puthappukuri, pathramkuri, Alamarakuri, kaserakuri, vandikuri, sareekuri, etc.

Kuri companies influenced the everyday life of the people of Thrissur during the twentieth century. The impact of kuri companies affected the economy, society, culture, politics etc. Micro credit is the simple, cost effective and magic formula for the poor to eradicate poverty. In Trichur district, when a person enters a job, his cousins advise him to join in a kuri to save his money for future. Long term kuries were more favoured by people in the twentieth century.²⁶

Chit was a compulsory saving system for the poor rural people for their future necessity. The church became the space for non-regulatory social banking in its early stage. Changathikkuri, Pallikuri and community kuri was a great relief for the poor rural people in their day to day life. ‘Vivahanidhi’ is another type of kuri conducted by the churches to help the members of the parish for the marriage of their daughters. For each and every necessity of life, the common people depended upon kuri companies.

26. Mani Pius (ed.), *Kuriland Thrissur 30 varsha smaranika-Thrissrcharithram: Nerkazhchakal*, Tricur, 2014, p. 10.

The trustworthiness of the kuri companies of Trichur attracted the subscribers even from Myanmar (old Burma), Srilanka (Ceylon), etc.²⁷ It was always credible person who managed the kuri as foreman in the nineteenth and first half of the twentieth centuries. Poor, ordinary and downtrodden persons depended upon kuri companies for their economic necessity of the everyday life.

6.8. Social transformation

Financial support of kuri companies to the businessmen and middlemen led to the growth of the *angadis* or *chanthas*. The *Azhchachanthas* or weekly markets in Trichur are a cultural space of people to get new information and to meet the business partners and clients even before the popularisation of newspapers. Near to *chanthas*, the small stall of different varieties of food items; handicrafts, etc. were put for sale. The Money market flourished gradually through these markets. Language and script began to develop as a result of the communication and integration of different cultured people. Sanskritisation and social transformation happened through the markets which were financially supported by informal kuri companies.

Urbanisation of Trichur is one of the most important impacts of the kuri companies in Trichur. The total population of the district according to the census of 1991 was 27.3 lakhs and the density per square kilometre was 902. It may be noted that Trichur is more densely populated than the state as a whole. In the autobiography of E.M.S. Namboothirippad, he clearly explained

27. K.Madhavan, "Sakthanthampuranilekku Neelunna Thrissurinte Chittypambaryam", Mani Pius (ed.), *Kuriland Thrissur 30 varsha smaranika-Thrissrcharithram: Nerkazhchakal, op cit.*, p. 55.

the development of Trichur as an urban city with great excitement while his studies at St. Thomas' College, Trichur.²⁸

The National Commission on Urbanization (N.C.U.), appointed by Government of India, in their recommendations have recognized urban areas as generators of economic momentum. Urban areas are characterized by their concentrations of different economic activities. One of the main reasons why an industry or another economic activity concentrates geographically is because of the so-called 'agglomeration economies' that it can enjoy. Apart from being District Head Quarter towns, the urban agglomerations of Trichur, Kannur, Kollam, Alappuzha, Palakkad and Kottayam, also serve a very vast hinterland by providing higher facilities for services, marketing, health, education and production.

Feudal socio-economic relations existed in Trichur district till the second half of the twentieth century. The sub-tenants and *kudiyans* worked in the land under the Namboothiris of wealthy *manas* in different parts of Trichur district. Some of the Christians also worked as steward of those *illams*. After accumulating wealth, the lands of the disintegrating *illams* were bought by the non-Brahmins, especially the Christians and liberated themselves from the clutches of the feudal lords.

6.9. Revolutions in land ownership

The Kerala Agrarian Relations Act 1960 was the first Act in the state that imposed ceilings on existing holdings. In 1966-67, Trichur district had 6.30 per cent Owners of land, 73.70 per cent Tenants, 16.60 per cent *Kudikidappukars* and 3.40 per cent Landlords in the Land Reforms survey

28. E. M. S. Namboothirippad, *Aathmakatha*(Autobiography), Xth edition, Trivandrum, Chintha publications, 2011, pp. 48-52.

conducted by Government of Kerala.²⁹ During this period, the tenancies coming under Devaswam was the highest in Trichur district (43.30 per cent), 2.10 per cent land was under the control of other religious and charitable institutions, 12.40 per cent smallholders and 42.20 per cent were under the control of others such as Namboothiri and Nair chieftains.³⁰ Kerala Land Reform Act, 1963 (amended in 1969 and 1972) gave to kudikidappukars, ownership right of their dwelling houses and a few cents of adjacent land (3 cents in cities and major municipalities; 10 cents in panchayath areas) By June 1971, 81 per cent of the total agrarian households became owners of land in the district. The expansion of agriculture and the subsequent consolidation of agrarian life were the results of European colonialism.

The big landlords at the time were Brahmins, Namboothiris and Nairs. Kizhakkedathu mana, Thekkedathu mana and Perunthadi Mana in Amballur village, Paroly Mana in Vattanathra, Thalore Variyath, Guruvayoor Variyath and Ollur Variyath families, Avannur Mana in Kallur, Kaplingad Mana in Thalore, Padukkon Mana in Thoravu, Ummampilly Mana in Kadalassery, Eloor Mana in Anthikkad, Kuroor Mana, Edakkunni Varier, Karipperry Mana, Kallur mana in Avinissery, Karimpatta family in Trichur, Cherukulangara Mana in Nadathara village, Keezhe Perumpadappu Manakkal in Ollukkara village, Vadakkiniyedathu Manain Thalappilly taluk, Cheruvathur Mana in Trichur, Iyinikkur Mana in Thrissur taluk, Akkara Chittur Mana in Chevoor village, Arikanniyur Mana in Kandanissery village, Perattupurathu Mana in Nettissery village, Vadakke Kuruppath and Thekke Kuruppath families in Thrissur, kaippully Mana, Mullanezhi Mana, Chittur Mana, Thattekkatt Nair, Avana Mana at Thaikkattussery, Kannath Mana in Perumpillissery, Iyiril Mana, Kizhakke Madom, Thekke Madom, Vadakke Madom in Trichur and

29. Government of Kerala: Land Reforms Survey, 1966-1967, Report, *Bureau of Economics and Statistics*, Thiruvananthapuram, 1967.

30. *Ibid.*

Urakam, Koppambil Mana in Varandharappilly, Thazhathuveedu Nair in Mannampetta, Thaikkattussery Moose, Thottekkatt Nair, etc. were some of them.³¹ They had verumpattam Vaka large acre of lands under their control. During this time, some Christian families worked as the *karyasthanmar* at these *mana*. As a result of the land reform Act in Kerala, these Christian families bought land from the hereditary jenmies with the money they accumulated through kuries and became new landed magnates in the second half of the twentieth century.

After the land reform Act of 1969, a revolutionary change happened in the ownership of land from Brahmins to nonbrahmins especially Christians. Krishnan Namboothiri of Chukkidikkatt owned the whole area of Vynthala and the families such as Kanichayi, Panikulam and Valiyaveetil were their tenants (*adiyas*) to cultivate the land. Later these families conducted a chit and gained money to liberate themselves from the control of Chukkidikkatt mana and bought their landed property.³² They jointly established a school out of the profits of the kuri in 1896. Padikkala Anthappan, Chakkola Palu, Chakkola Elikkutty, Kavalakkatt Rappai, Pandaravalappil Rappai, Akkara Chakku, Akkara Lonappan, Kavalakkadan Rappai, Kallukkaran Varunni Pailoth, Thotty Anthony, Majaly Varunni, Manjaly Lonappan, Manjaly Kochappu, Manjaly Devassy, Mapranathukaran Anthony George, Mapranathukaran Anthony Lonappan, Mapranathukaran Anthony Kunjuvareed, etc. were the Christian landed jenmies of Trichur district in the second half of the twentieth century.³³ Majority of them got huge profits from kuri companies to become land owners.

31. Thomas. C. P., (73), Chirayath house, Document Writer, Nadathara, Trichur, interviewed on 11-01-2016.

32. Sheeba George and P. S. Manojkumar, (eds.), *Vidhyalaya Charithranveshanam*, Thrissur Jilla panchayath, 2007, p. 25.

33. Thomas. C. P., (73), interviewed on 11-11-2018.

6.10. Educational institutions for social upliftment

Kuri companies of Trichur played an important role in the establishment of educational institutions in different parts of the district for the total upliftment of the society. St. Mary's School in Vainthala, Government Higher Secondary School in Manaloor, Government U.P. School in Panamkuttichira (Ollur) and St. Antony's Higher Secondary School in Ammadom are typical examples for this.

Vainthala is located in the Chalakkudi block of Mukundapuram Taluk. Out of the inspiration provided by Fr. John Brito and Fr. Chavara Kuriakkose Elias, the profits of chitty conducted by three families such as Kanichayi, Panikulam and Valiyaveetil were utilized to establish a school at Vainthala in 1896. For the management of the school, 15 members from these three families were elected and appointed. These families were the 'adiyas' of Chukkiddikkatt mana, which owned the whole area of Vainthala during the time of Krishnan Namboothiri. The First manager of this school was Kanichayi Ittoop Chakkappan. At the time of inception, the school had the status of a Lower Primary and later upgraded to Upper Primary School. At the lower primary level, education to all students was free. During the early twentieth century, only the children of well to do families wanted to study after 4¹/₂ class (Preparatory class). The school fee was fixed in the upper primary section for girl children as Rupees 1¹/₄ and for boys 2¹/₂, while the Government collected Rupees 2.10 and 5¹/₄ as fees respectively. Children of very poor and ordinary families got education through those educational institutions managed by foreman of kuri companies. In 1910, the convent girl's school started at Vainthala. In 1920, government recognition till class 4 was gained. In 1929, the Community kuri School (school started by the profit of chit funds) was transferred to the convent at Vainthala for the education of the boys. In 1945, the community school got back the management authority

and was upgraded as High School in 1946-47. The land of Kanichayi Kunjuvareed Ouseph and Kanichayi Kunjuvareed Anthony were purchased by the chit funds of the three families for the School building. The land for school ground was purchased from Kanichayi Paulose Devassykutty in 1964. In the academic year, 1976-77, the school had 1179 students as the highest number in its history with 26 divisions. This school contributed its role in civilizing the locality and increased its human resource for the development of the district.³⁴

Government Higher Secondary School, Manaloor was positioned in Manaloor Village of Trichur Taluk. Thoppil Ukru started a school at Manaloor in 1914 in his land with the assistance of the kuri steered by him in the name 'Thoppil Kuries'. He paid the fees of all students to the government and salary to the teachers from the profit of his kuri company. In the flood of 1924, the school perished and later, it was handed over to the Government and its name was altered to Government Lower Primary School. In 1946, it was upgraded to High School and later in 1990s as Higher Secondary School. This school contributed its share in the propagation of the policy of social progress through education.³⁵

In 1920, Manupanickan of Marathakkara laid the foundation of a Malayalam school in Ollur with the help of a Kuri company piloted by Akkara Chummar, Akkara Ouseph Master, Akkara Kuriappan, Akkara Porinchu and Vadakkethala Kochuvareed. The Malayalam School of Panamkuttichira worked in the building of Kuri Company known as 'Kings Building'. Till that time, only the 'Asan' and 'Asati' of the upper caste provided education in that locality. This school performed proficiently in the infrastructure provided by the kuri company for forty years. In 1950,

34. Sheeba George and P. S. Manojkumar and (eds.), *op cit.*

35. *Ibid*, pp. 58-60.

Government takeover this school by constructing a building for it in front of the Edakkunni temple. During the post-independence period, education began to be imparted to the 'Dalit' students through this institution and education became free and universal. Debates were conducted in the premises of the school with participation by Ekkanda Variar and other prominent leaders. The intellectual horizon of the students widened and enlightened to respond towards social problems. In 1964, the school was elevated to the status of Upper Primary School.³⁶

The Government L.P. School in Ammadom functioned in the building of the church which was given to the government. There was no provision for upper primary education. The top students suffered a lot due to this difficulty. To overcome this situation, the progressive men of the locality formed a School Community adjoining the Ammadom Church. To find money to conduct the school, the community started Kuries. The profits of the kuri company were spent for the fees of the poor students and salary for the teachers. In 1946, the school was exalted to the status of High School and in the twenty first century, as Higher Secondary. Many illuminating personalities were the products of this school.³⁷

The kuri companies of Trichur played a prominent role in the formation of the youth through educational institutions. The Dharmodhayam Company and Kshemavilasam Company were hundred per cent charitable trust and provided educational help to the needy students. Degree students, professional college students, students in higher education were given financial help by them. Many other kuri companies were given a share of their profit which is stated in the memorandum of their company registration for these types of resolutions. Banks were helpful for students to get educational

36. *Ibid*, pp. 99-100.

37. *Ibid*, pp. 187-188.

loans at low interest. They sponsored the programmes in the educational institutions also. All the church kuries provided economic help for the students of their parish.

6.11. Social Role of a Merchant, Money Lender and Foreman of Chits

As growth of trade brought economic prosperity to merchants, they sought to gain social prestige through participating in the maintenance of temples and conducting religious functions. Foreman of a kuri is a credible person and respected by the society. For the conduct of 'Pooram', 'Nercha' and 'Perunnal', donations were given by them to the celebration committee for social mobility. Moreover, it is considered as a means for publicity to get more subscribers. They were also eager to sponsor for church construction, temple construction, etc. Charitable institutions were sponsored by them as a part of their regular work. The money lenders and foreman of kuries revolutionised funding for social causes.

Dharmmodayam Company started kuries in 1919 for constructing a church for the catholic Syrian community of Trichur to substitute their loss of Marth Mariam Valiya palli for the favour of Chaldean Syrian community in Trichur. All the members took Rs.5/- as their share to start the kuri company and it had 68 members in the beginning. Bishop Mar Yohannan permitted the founders to conduct kuries with a responsibility to sponsor the Church construction of Puthenpalli in Trichur.³⁸ He advised them to collect capital for church construction through kuri business under the sole control of laymen of the church. In 1969, it has 250 members for the management of the company.

38. Mathew Puthukkattakaran, *Dharmmodayam Campaniyude Manyamembermarkku*, Trichur, published by the author, p. 13

6.12. Charity for social mobility and power

Catholics have a special duty to help the poor and the suffering. In the New Testament, Jesus advised to look after the poor and downtrodden. Mathew 25:40 is a clear call to help the needy of the society. The first step in loving the poor is to know them, their problems and aspirations. In depth knowledge of their needs regarding housing, nutrition, employment, leisure, entertainments, sanitation, habits and customs is necessary. The rich have a special responsibility in this matter to provide leadership for solving the problems of the poor. Charity, to be effective, has to be well organized and performed by specialized institutions and dedicated workers.³⁹ It is beyond dispute that it is more desirable to abolish poverty by the modern method of economic transformation than by the medieval method of distributing free gifts. Under these circumstances, the Directors of Kuri companies believed that, they should raise and train a cadre of young leaders with a well-developed social conscience, who act on the belief that all men are brothers not merely in a theological sense, but also in the economic and social sense.

It was in tune with the Christian ethics, the founders of the kuri companies desired to do charity out of its profit. Charitable trusts were established for this purpose. Dharmodayam Kuri Company, Kshemodhayam Kuries Limited, and Bharathakshemam were started with a vision for doing 100% charity. Lourdes Church kuries used 80% of their profit for charitable works through Lourdes Metropolitan Church, Trichur. Damian kuries provided 33% of their profit to the total wellbeing of the poor and downtrodden especially for the benefit of leprosy persons.

39. A. K. Paul, “ Reflections on our Social Duties”, *The Dharmodayam Company Golden Jubilee Souvenir*, Trichur, 1972, pp. 54-56.

The pioneers of the Dharmodayam Company aimed the objectives of charity, education and industry from its inception. They incorporated these in their memorandum and for this purpose they raised the funds by conducting kuri business. The promoters visualised an institution not for profit and therefore, a restriction was included in the articles of association by prohibiting division of profits among the members. Regulations and restrictions of expenditure were provided in the articles of association by introducing a system of voting of grants by the General Body.⁴⁰ The company has been awarding scholarships for Collegiate and High School education from the very beginning. Large number of scholarships were awarded for Degree courses in Arts, Science, Law, Commerce, Agriculture, Veterinary, Engineering, Medicine, etc. The annual scholarship amount for Degree courses range from Rs.200/-to Rs.600/- for a student and that for Pre-degree course is Rs.150/- for a year. High school students are being awarded their tuition fees as scholarship amount. With the profits derived from Kuries and the income from properties, about 6000 young men and women of our country, irrespective of caste and creed, have been helped so far for their education and elevated to high positions like Judges, Engineers, Doctors, Professors, Advocates, etc. Several educational institutions were helped and a good number of orphanages and homes for the destitute were being regularly supported, and hundreds of old, sick and needy were being helped. At the time of National calamities such as First World War, Flood of 1924, Second World War, etc. the company provided appropriate help for the poor and needy. Even today, the company is continuing its valuable work of charity for the humanity in a large scale quantity and quality.⁴¹

40. V. J. Thomas, "Reading of the Report", *The Dharmodayam Company Golden Jubilee Souvenir*, Trichur, 1972, pp. 11-15.

41. *Ibid.*

Charitable institutions were run by these kuri companies for the poor sections of the society. Hospitals, schools and orphanages were maintained by these kuri companies. Through these institutions, free services were given to the lower strata of the society. Old age homes and home for the destitute also functioned under the leadership of these charitable trusts.

6.13. Financial inclusion

According to C. Rangarajan, financial inclusion is “the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost”⁴². Financial inclusion is a process of bringing the financially excluded and vulnerable category of people into the formal financial system there by attaining an inclusive growth and prosperity in the economy. The policy makers such as Government of India and the Reserve Bank of India had a big role in the financial inclusion. From 1960 onwards, RBI began to give highest priority to the under privileged and neglected sectors of the economy by channelizing the credit to them. According to latest Global Findex report of World Bank, “India was considered as a place of largest unbanked population where, only 35% of adults having an account in financial institution until 2011 but this percentage has grown up to 61.5% between 2011 and 2015”⁴³. In other words bank account penetration in India has increased by 18.1% i.e. 175 million adults in India has become account holders between 2011 and 2015.⁴⁴ This growth is achieved as a result of Government and RBI push for financial inclusion. Out of all the initiatives taken by Government of India and RBI, the launch of Pradhan Mantri Jan

42. Vivek Mehra, *A Hundred Small Steps*, New Delhi, SAGE Journals, Planning Commission, Government of India, 2009.

43. Global Findex report of World Bank 2015 in <https://globalfindex.worldbank.org/>

44. *Ibid.*

Dhan Yojana scheme in August 2014, with the goal of opening bank account for every house hold has boosted the financial inclusion numbers to heights by end of 2015. Reserve Bank of India has undertaken a lot of projects for the penetration of Banks in the villages of Kerala for financial inclusion.

Chit fund industry is an excellent tool to promote financial inclusion in Kerala in the nineteenth and twentieth centuries. Before 1960, the chit funds acted as an important machinery to bring the rural people in the financial activities due to the absence of special policies of the Banks for the empowerment of weaker sections of the society. During that time, the banks were not working for the service of the poor and ordinary persons of the society. Kuri companies in Trichur were traditional micro saving cum borrowing institutions. In the nineteenth century, there were not any regulations for the working of the chit funds or kuri companies. Daily kuries, weekly kuries and monthly kuries were conducted by the pallikkuris in the nineteenth century. Changathikkuri were common among friends and relatives in every nook and corner of the village. Monthly kuries and Pooval kuries were common in the twentieth century especially after the enactment of Indian Companies Act in 1913. Long term and short term kuries were conducted according to the capacity and need of the subscribers. The participants pool their money into a common fund on monthly basis with the chance of lot and auction to get the prize money. Participants have access to their future savings well in advance is the main reason behind the popularity of kuri companies. When the investor is in dire need, he can auction the kuri and it will lead to disciplined savings. At least one member of a house in a village was the subscriber of a chitty. Many have membership in more than one chitty to meet the two ends of life.

Growth of a nation depends upon the existence of healthy and easy accessible financial institutions in every rural area. Banking service is

considered as the most important service sector for an ordinary person. In the nineteenth and twentieth centuries, the major part of the financial inclusion was done by the kuri/chits in Trichur. Today, the chit funds were guided by the Central Chit Fund Act, 1982, which was based on the Cochin Kuries Act of 1932 and its Amendment in 2012. Chit funds are classified as NBFC (miscellaneous) and banned from accepting deposits from the public by RBI.⁴⁵

6.14. Urbanisation process of Trichur

In the second half of the twentieth century, urbanisation started in Trichur as a gradual process due to the legacy of the efficient functioning of kuri companies and banks. The District Spatial Plan of Trichur provided a clear picture of the urbanisation growth. It is defined as the rate at which the population of an urban area increases. Urbanisation growth is the result of migration of people from rural area to urban area. It may lead to increase in the economic development of a country. The metropolitan area expanded to the surrounding areas of Trichur due to the urbanisation. Employment opportunity increased in Trichur town and employees reached there seeking good fortunes. Different types of business flourished in Trichur during the second half of the twentieth century which attracts more labours even from other states of India. Urbanisation leads to the growth in standard of living, educational facilities, transport and communication facilities, etc. In his autobiography, E.M.S. expressed the feelings of wonder about the bus service in Trichur while he was studying at St. Thomas' College Trichur.⁴⁶ Urbanisation is an integral part of economic growth. Joint stock companies, kuri companies, banks, business enterprises, educational institutions,

45. Arindam Goswami, "Chit Fund Industry: Excellent tool to promote financial inclusion", *The Financial Express*, December 8, 2016.

46. E. M. S. Nampoothirippad, *op cit*.

hospitals, etc. created employment opportunities and a large number of people migrated to Trichur town as a result of the urbanisation of the town. Density of population is one of the most important features of an urban area. A comparative study of population growth in Trichur makes it clear that the urbanisation process is increasing. Census of 2001 shows the growth of urban areas in Trichur. As per the 2001 census, the population of Thrissur District is 2,974,232 which constitute about 9.34 % of the total population of the State. Of the total population of the district, 839433 is urban population. That is 28.2 % of the total population of the District is in the urban areas of the District. There are thirty urban areas in the District as per 2001 census.⁴⁷

Table 6.5. Census Towns & Out growth in Thrissur District - 2001

Sl.No	Name of Census Town	Name of Grama Panchayat/ Municipal council	Wards numbers
1	Akathiyyoor(C.T)	Porkulam	No.4,5,6,7
2	Perakam(C.T)	Pookode	No.8,9,10,11,12,13
3	Iringaprom(C.T)	Pookode	No.3,4,5,6,7,8
4	Thaikkad(C.T)	Thaikkad	No.2,3,4,5,6,7
5	Paluvai(C.T)	Pavaratty	No.1,2,7,8,9,10
6	Pavaratty(C.T)	Pavaratty	No.1,2,3,4,7,8,9,10
7	Brahmakulam(C.T)	Elavally	No.1,2,9,10,11,12
8	Venmanad(C.T)	Pavaratty	No. 4,5,6,7,8,9,10,11, 12
9	Kolazhy(C.T)	Kolazhy	No. 4,5,6,7,8
10	Pottore(C.T)	Kolazhy	No. 2,3,4,8,12,13
11	Puranattukkara(C.T)	Adat	No. 7,8,9,12,13
12	Nadathara(C.T)	Nadathara	No. 1,3,8,9,10,11
13	Marathakkara(C.T)	Puthur	No. 12,13,14,15,16, 17,19

47. District Spatial Plan-Thrissur, *op cit*, p. 115.

14	Avinissery(C.T)	Avinissery	No.3,4,5,6,7,10
15	Palissery(C.T)	Avinissery	No.1,2,8,9
16	Chevvoor(C.T)	Cherpu	No.1,2,3,4,5,10, 11, 13
17	Vallachira(C.T)	Vallachira	No.1,2,3,4,8,9,10
18	Methala(C.T)	Methala	No.1,2,3,4,5,6,7,8, 9,10,11,12,13,14,15,16,17
19	Nenmanikkara(C.T)	Nenmanikkara	No. 3,4,5,6,7,8,9,10, 11
20	Pudukkad(C.T)	Pudukkad	No. 1,2,3,8,9,10,11
21	Koratty(C.T)	Koratty	No. 1,2,3,4,5,12, 13,14,15,16
22	Pookode(O.G)	Guruvayur	No.21
23	Eriyad(O.G)	Kodungallur	No.25

Source: Census of India, 2001.

The process of urbanization of an area can be assessed in relation to its urban population content. The urban population content of Kerala state is 26%, whereas that of the District is 28.2%, which clearly points out the fact that the process of urbanization in Thrissur district is slightly higher than that of average state figure. On comparing the urban content of all the 14 District of the State, it can be seen that Thrissur District is positioned in the 6th rank.

Table 6.6. Thrissur District - variation in urban content 1971-2001

Year	Total Population	Urban Population	Per cent of urban Population	Urban area in Sq. km
1971	2,128,877	249,845	11.74	83.43
1981	2,439,633	514,783	21.1	215.3
1991	2,737,311	720,216	26.31	301.2
2001	2,974,232	839,433	28.2	345.85

Source: Census of India – 2001

The increase in urban areas of the District as indicated in the corresponding years census figures, is showed the table 6.2. In 1971 the

extent of urban area in Trichur District was 83.43 sq km, which has increased to 301.2 sq km in 1991. The increase of urban area of the district was not uniform from 1971 to 2001, but the increase was high during the period from 1971 to 1981 and from 1981 to 1991. There is only slight increase of urban area during the last decade – 1991 to 2001.

Trichur Municipal Corporation , Guruvayur Municipal Council, Chavakkad Municipal Council, Irinjalakkuda Municipal Council, Kodungallur Municipal Council, Chalakkudy Municipal Council, and Kunnankulam Municipal Council shows the urban culture and there are many urban settlements in the present day Trichur.

6.15. Politics of Naming

While naming the chits and banks, we can see a politics in it. They belong to four categories such as community based, Charity based, Locality based and the general category. *Chaldean Syrian Kuris, Lourdes Church Kuris, Chaldean Syrian Bank, Catholic Syrian Bank*, etc. were included in the first category. The name of *Chaldean Syrian Kuries* clearly shows the community base of the institution. About fifty families of the Chaldean Syrian church were the founders of the kuri company based on Marth Mariam Valiyapally in Trichur. The *Chaldean Syrian Bank* got its name from the denomination of its founder's community. Chaldean Syrians were strong in Trichur during this time and they wanted to establish a bank of their own to help the poor villagers of the locality through credits and debits. Based on Marth Mariam Valiyapalli in Trichur, the *Chaldean Syrian Bank* started its economic functions to enrich Trichur. *The Assyrian Charities Banking Company Ltd.* and *Mar Aprem Bank Ltd.* also belonged to the Chaldean Syrian community of Trichur .

'Lourdes Church Dharsana Sabha Kuries' was the early name of the Lourdes Church Kuries in 1891. The kuri activities were conducted in the Lourdes church and it was controlled by the Dharsana Sabha, a pious organisation in the church. Consequently, the name became hundred per cent accurate and has the validity. About 80% of their profits were used for charitable works undertaken by the Lourdes Church Trichur. It clearly states the ownership of the institution in the very name itself.

Indian Companies Act 1913 made some changes in the working of this kuri company and they changed their name as Lourdes Church Kuries, Trichur. Even today, it continues its charitable works but is on the verge of disintegration due to the Amendment Act of 2012. *Catholic Syrian Bank* indicates the community base of its founders. Soon after the formation of *Chaldean Syrian Bank*, it became a dream for the Catholic Syrians to start a bank of their own community. In 1920, the great visionaries made it practical by discussing with the members of same denomination. *Catholic Parish Bank Limited at Kalparamba, Mar Thoma Syrian Bank Limited at Trichur, Mukkattukara Catholic Bank, The Aranattukara Catholic Bank, The Oriental Christian Bank Ltd, Irinjalakkuda Cathedral Kuries*, etc. shows its community base from the very name itself to show the trustworthiness in the minds of the subscribers and members.

The Dhanalakshmi Bank was named by the founders who belong to Hindu community, to dedicate it to their goddess Lakshmi. Lakshmi Devi is the goddess of wealth so the name *Dhanalakshmi* is accurate for the Bank. Lord Krishna Bank also indicates the Hindu community bank dedicated to Lord Krishna in 1940. *Hindu Union Bank at Kanjany, Nayar Union Bank at Trichur, Thiyya Bank, Parameswara Vilasam Banking Company Limited at Kodakara*, etc. also clearly indicates the community of its founders.

The Dharmodayam Company, Kshemavilasam, Bharathakshemam, Kshemodayam, etc. belongs to the second category. “Provide service to empower the downtrodden humanity, irrespective of caste, creed, or gender is the duty of Christianity”-this is the idea behind the naming and starting of *The Dharmodayam Company* by its founding directors with an objective to do 100% charitable works or ‘*dharmapravarthanangal*’.⁴⁸ Dharmodayam helps the poor in their necessity. For this, they made a strict memorandum which forbade its directors in taking dividend or share of the profit and the sitting fees from the company. The name of the company indicates its intention. It was a co-operative effort to accumulate wealth for doing charity among the poor. This institution is not a community based Kuri Company and have a universal character and all can become the members of the kuries of this company. The social services done by this institution is a typical example for all.⁴⁹ The farsighted founding fathers of ‘*Bharathakshemam*’ *Kuri Company* have a novel idea in their mind when they give this special name to their financial institution. The enlightened organizers from Trichur district of Kerala state were intended to work for the welfare of the India Nation through this kuri company. They conducted kuries in order to find a monetary source for doing charitable works. Mundathikkode Bharathakshemam hospital was established by them for providing free treatment to the ordinary and downtrodden people. It was a great effort to draw the progressive picture of the humanity from Trichur to the whole of India in a broader canvas. It was a new track from a smaller perspective to a broader perspective of humankind. The well-being of the whole nation is the intention behind their all activities. It was a flight to wider outlook for a ‘*greater India or broader India*’. Their vision is ‘our financial institution for the wellbeing of whole India’.⁵⁰ *Kshemodayam Kuries Limited* started in 1972 and had an intention to work

48. Mathew Puthukkattukaran, *op cit.*, p. 9.

49. K. P. Urumees, ” Thrissurile Prasasthamaya Sampathika Sethu”, *The Dharmodayam Company Golden Jubilee Souvenir, op cit.*, pp. 1-3.

50. *Thanal: Bharathakshemam Nalpathaam varsha smaranika, op cit.*, p. 41

for the welfare or 'kshemam' of every person in the society. Dharmapooshanam, Kshemavilasam, etc. belonged to this category.

The third category indicates the place or locality of the bank situated. Ollur Bank Ltd., Kottappady Bank Ltd., Puthenpeedika Bank Ltd, Chittattukara Bank, The Chalakkudi Bank, The Venad Bank, Irinjalakkuda Bank Limited, etc. were examples for it.

The fourth category includes the banks which have a general name. The South Indian Bank was started by the efficient hands that have experience from Lourdes church kuries and Dharmodayam kuries. The name of the bank is not based on community character and has a wider outlook on the welfare of total South India. Later it started its branches outside of South India. Malayalee Bank in Trichur run by Namboothiries, Vyavasaya Bank Limited at Peringottukara, The Asoka Bank Limited at Shertallay, The Indian Insurance and Banking Corporation Ltd, etc. comes in the general category to attract members from all community.

6.16. Conclusion

Kuri companies or chit funds have played an important role in income generation activities in developing countries. Kuri companies works as micro credit organization in Thrissur and largely meets the credit needs of the poor borrower. Chit/Kuri made tremendous changes in every field of Trichur and speeded up its urbanisation process in the second half of the twentieth century. Chit fund is a typical indigenous financial institution peculiar to South India, particularly Andhra Pradesh, Tamil Nadu and Kerala. In Tamil Nadu it is known as 'Seettu or Chitty' and in Andra Pradesh as 'Cheety'. They are the Indian version of ROSCAs which are informal financial institutions found all over the world.

The Central Chits Act 1982 and its Amendment Act in 2012 made stronger regulations upon kuri companies. As a result, many kuri companies are on the verge of disintegration. Cochin Kuri company Limited is run by

only one Manager and he distributes dividend to the members. Lourdes Church kuries could not start any new kuries and they were in a condition to wind up after completing the existing kuries. All traditional kuri companies were not in a good condition to start new kuries according to the new rules and regulations.

Loan for a long term is not a good one from the kuri companies. Even though a small sum is needed as instalment, the interest calculated for the long term is a big amount. Moreover, auction at 50% discount is a loss for the subscriber which was practised before the new regulations. The loss of someone is a profit to others. But for a time of necessity, the chit funds became the only financial saviour of a person. Ordinary people have a lot of experience in this field. Before 1970s, it was the kuri companies or chit funds which helped the poor and needy in times of economic difficulty.

After the liquidation of small banks in big banks in 1962-64 and the passing of Kerala Chits Act in 1975, the kuri companies were reluctant to start new kuries. In those circumstances, the Private moneylenders began to act like blade companies and it made disgrace to all chit funds. Earlier, no chit fund scam was known in Trichur. The term 'chit fund' has earned a dubious connotation in recent times, with many scams such as in West Bengal, Tamil Nadu, Kerala and Maharashtra. In the twenty first century, missing of foremen by taking all the deposits of the subscribers used to be a common phenomenon. The 'Kubera operation' is an attempt to fight against the excessive rate of interest taken by the money lenders in a compulsory way by using physical force.

CONCLUSION

The strategic role of the financial system is to channel funds from surplus units. One has to appreciate the role of non-banking financial intermediaries. Today there is much talk on the micro finance system and people have rightly decided to throw their lots into it. The history of Kuri system started when mankind's economic ambitions abounded. The foregoing analysis enables us to outline some of the specific conclusions regarding the impact of Kuri companies in the socio-cultural and economic transformation of Trichur.

It is interesting to trace the beginnings of this system. The system as such was social banking created for the good of the needy. The economic needs of men necessitated borrowing from one another. The *changathikkuri* and grain chit started in Kerala as a necessary financial arrangement for borrowing purpose to meet the economic difficulties. From grain chit, it gradually developed to money chits. And later became institutionalised to develop into large chit funds. Women foremen emerged into this field during this period. Women used chits as a money saving measure than as a borrowing avenue. The older generation are much more involved and trust in chit funds than the new generation.

The system of '*pidiyari*', an off shoot of Grain chit or *dhanyakkuri* is still run on in churches and temples even today. The eldest female member of the house of a Hindu family saves a handful of grain or rice every day and keeps it in a pot and at the time of *utsav*, donates it to the temple as an offering to God. Later, these offerings will be used for the '*annadana*' (feast) ceremony for the devotees. The members of the Vincent De Paul Society (Catholic pious association) collect handful of rice (*pidiyari*) from every Christian house hold. This collection is later donated to the poor in the parish.

It is claimed to have been the most common practice performed from antiquity, a span of almost hundred years. (begun in 1833).

In every nook and corner of Kerala, Changathikkuri started among friends to meet the financial necessity at times of marriage, house construction, for debt relief, to find capital for entrepreneurship start-ups and to conduct religious ceremonies and functions to help the needy person in a small rural setting. In this system a lot decided which member received the prize money. The instalment may pay on monthly or weekly basis. The number of instalments in mostl cases are directly proportional to the number of members involved. Later, when the subscribers began to demand the money to suit their immediate needs and not according to lot, the auction system was introduced. Changathikkuri was a very effective financial mode to help the ordinary people in their necessities.

Kuri/chit became an everyday domestic activity and an agent of mobilising money for saving and borrowing. Kuri Companies evolved in Kerala on Chinese model in the sixteenth century. Malabar kuri system had great relevance in the socio-economic life of the inhabitants of that area. The role played by Sakthan Thampuran and the Portuguese missionaries to propagate Kuri system in Trichur were remarkable. In the initial stage, the Kuri system functioned in the houses of trustworthy foremen in a systematic way. The daily kuries, weekly kuries, monthly kuries and Pooval kuries were established to help the ordinary people. Later, malpractices began to occur in the kuri system due to the financial difficulties of the foreman. They used the prize chits for money lending without giving the prize money to the prize winner. This created tensions among the subscriber and the foreman. Thus it became necessary to create some laws to regulate the functions of the kuri company in Kerala and led to the evolution of kuri companies in its modern form.

In Trichur, *pallikkuries* started as an organised venture, with the Chaldean Syrian Kuries in 1830-35. It started kuries with a 'sala' of Rs.5/-, Rs.10/-, Rs.50, and Rs.100/- in the initial period. They provided passbooks for the subscribers and conducted kuri with great efficiency. The conflict between Chaldean Syrians and Syrian Catholics in Trichur during the last quarter of the nineteenth century led to the end of Chaldean Syrian Kuries. Syrian Catholics of Trichur started Lourdes Church Kuri in 1891 and provided leadership for all other *pallikkuries* in Trichur. Church space began to be used for conducting kuries in a proper way from the last decade of the twentieth century. They earned profit and out of its share, charitable works were done. *Irinjalakkuda Cathedral kuries, Irinjalakkuda Dharmmapooshanam, Trichur Kshemavilasam, Cherpu Parish kuries, Ollur sadhujana samrakshana Sangham*, etc. were connected with the church. A mushroom growth of kuri companies happened in the church space during the twentieth century and became a great relief for the ordinary and needy individuals.

Dharmmodayam Kuri Company is the first of its kind which was registered under the Indian Companies Act. This mammoth and magnanimous venture celebrates its centenary in 2019. It was a big fruitful tree for the poor and disadvantaged throughout these hundred years of its function especially in the educational field, agricultural field, and small scale industrial fields. The charitable works done by the kuri companies of Trichur is note worthy. *The Dharmmodayam kuri company* provided educational help to many students, medical aid to sick persons, marriage help to the poor, and helped the poor for house renovation. *Dharmmodayam Kuri Company, Kshemavilasam, and Bharathakshemam* were facilitating hundred per cent charity out of its profit to the poor and needy. Many kuri companies spent 33% of their profit as charity and others according to the conditions in their memorandum. Many handicapped persons received economic help for buying vehicles for transport facilities and find capital for self-employment. Orphanages and special

schools were provided monetary help. Trichur became the hub of kuri companies in the second half of the nineteenth century. Chit funds functioned in Private sector either as registered or unregistered ones. Kuri Company started in Public sector only in 1969 with 'Kerala State Finances Limited' as the first of its kind in Trichur. The economic growth of Trichur depended largely upon the kuri companies during the nineteenth century. Many new kuries were started by the kuri companies to suit the needs of the rural people. It is not possible to get the correct volume of profit earned by the private unregistered kuri companies functioning in the informal sector because of the lack of proper auditing and accounting.

The Chaldean Syrian bank (1919), *The Catholic Syrian Bank* (1920), *The South Indian Bank* (1927), and *Dhanalakshmi bank* (1929), began in Trichur as big kuri companies and it is right to say that, those banks were evolved from the kuri companies. The first half of the twentieth century witnessed the emergence of a large number of such banks in Trichur and the second half of the twentieth century witnessed the perishing of many of these banks. At the time of Nationalisation of banks in 1969, there were nine commercial banks in Kerala and among them, four were in Trichur. *The Lord Krishna Bank* which started in 1940 became scheduled bank in 1971 and merged with Centurion bank of Punjab in 2007. KSFE started in 1969 in the public sector. KSFE had played a dominant role in the economic empowerment of Trichur. The Annual report of KSFE from 1969 to 1975 was a clear proof for that. New chits and projects adopted by KSFE were of great help for the needy and downtrodden. It provides an alternative to the unscrupulous private chit funds. Government got huge profit from KSFE through the conduct of chits. KSFE opened many branches in the districts of Kerala and opened up new chitties. The entrepreneurial programmes put forwarded by the banks in the locality increased the economy of Trichur. But

the quantity of the work of banks done in Trichur is lower than the kuri companies of the area in the twentieth century.

Various discrepancies in transaction started coming to light with the widespread subscription of kuri companies. The foremen of the kuri companies of the informal private sector achieved more money from the kuri companies without submitting the correct audit and account to the members and the government. The government also did not receive the proper share of tax from such kuri companies. In order to regulate the functions of the Kuri Companies in Kerala, many laws were passed by the government. Among these, the most important one was Kerala Chitties Act, 1975. This led to the flight of foremen to Bangalore to start kuri companies. The Central Chits Act of 1982 again led to the flight of foremen to Faridabad and Jammu-Kashmir where the law was not applicable. The Kerala Chits Amendment Act, 2002 and 2012 also made a strict regulation upon the foreman in the conduct of kuries. This is the brief outline of the evolution and development of Kuri companies in Trichur from 1891 to 1975.

It was the informal Kuries which were the most important influencing factor which led to the socio-economic transformation of Trichur from 1891 to 1975 than Banks and other economic resources in Trichur. On the very onset when kuries began as *changathikkuri* in the mode of grain chit, it helped common men to meet minor or major financial crisis. Beyond this, Kuries became an agency for women empowerment. The women of the neighbouring houses joined together as members of the *changathikkuri* and they were economically strengthened to face the economic crisis in their life. They were liberated economically in their houses and this enabled them to take decisions in the economic matters. Women empowerment through Changathikkuri raised their status in the society. Elder women who took initiatives as foreman came to the forefront with renewed zeal and status of leadership in the

society. Financial help from kuri companies were extended to the Agricultural sector as loans. This enabled farmers to implement modern technologies in the field. This brought a radical change in the production and commercialisation of agriculture during the twentieth century. Weekly markets or '*azchachanthas*' were started for exchange purpose in Trichur from the eighteenth century onwards. Different types of vegetables were available in the vegetable markets known as '*tharaku*'. Wholesale and retail businesses in vegetable markets protect the interest of the producers as well as the buyers. Transactions were done in a feasible mode and 'consumer satisfaction' is their watchword. Special articles of a locality was available in the '*chanthas*' or markets and later these market places gave birth to new shops, super markets and hyper markets in Trichur. Different '*angadies*' rose into prominence and it led to the economic empowerment of Trichur. Business in rice, areca nut, nut meg, tile, jewellery, textiles, etc. shows the financial capacity of the people of Trichur in the second half of the twentieth century. Cattle markets (livestock markets) also flourished in Trichur district during this time. These markets later became a point of cultural dissemination. In the nineteenth and first half of the twentieth centuries, the *chanthas* were the only place of communication among the people from different parts of the district. Friendship renewed in the market place and entertainments like circus, cycle play, snake charming, etc. were exhibited in the outer side of the market place. Money was used by people for entertainment. These markets acted as portal for cultural transmission to different parts of Kerala. Their language, style of living, beliefs, traditions, literary creations, etc. were exchanged. A stable cash flow that helped people not only to make ends meet but also save up for tomorrows enabled them to live a tension free life. It changed the life style and thought process of the people. People aspired and developed a higher quality of life than mere mouth existence.

The kuri companies influenced the everyday life of the people of Trichur during the twentieth century. Borrowing and saving were two financial requirements of the public in their daily life. Both these amenities were provided by the kuri companies at a low cost. A subscriber should compulsorily deposit his small savings to enjoy the privileges of a *kuri-veethapalisa*. Prize chit was another attraction in kuri system which compelled the subscriber to pay the instalment without any fault. In order to meet both ends of life, the ordinary people suffered a lot. In a crucial financial need, the kuri companies provided facility to manage the situation through passbook loan or auction. Each and every day, the common folk approached the kuri companies to confront the economic necessity of their life. They found kuri companies as a source of relief to tackle the daily problems related to money.

In the twentieth century, the kuri companies started to invest their money on educational institutions. Human resource development happened through the starting of educational institutions in Trichur district. Education enlightened the minds of people and promoted human values. A cultural advancement happened and people began to use their leisure time in producing literary works and derive aesthetic pleasure through it. Trichur became the cultural capital of Kerala during the second half of the twentieth century and was blessed with Sahithya Academy, Lalithakala Academy, Sangeetha Nataka Academy, Kerala Kalamandalam, etc. Many libraries were also started to enlighten the minds of educated youth during this period.

The Kuri companies provided loans to start entrepreneurial undertakings for the material gain of the people. Small scale industries, cottage industries, self-employment projects were started in Trichur district with the help of kuri companies which is explored in depth in chapter six. It was kuri companies which liberated the petty shop owners from the clutches

of the money lenders during the nineteenth and twentieth centuries. Direct and indirect employments were given to large section of people by the kuri companies. The Government also got income from kuri companies through registration.

Trichur thus became a 'business town' and their business attracted more people to migrate there. This ultimately led to the increase of urban content in that area. More travel and communication facilities were available in the town for the growth of trade and commerce. Inch by inch as kuri companies developed and flourished more and more establishments of finance, trade and commerce sprouted in Trichur. Trichur came to be known as the 'banking town' and all the banks supported the people in their economic ventures. New projects and programmes were initiated by these financial institutions for the welfare of the people of the locality. Financial inclusion was acquired through these in the twenty first century.

In the initial stage, the underlying intention of the kuri companies was humanitarian. Almost all the Kuri companies had money set aside for this purpose in their memorandum. Charitable works also thrived in Trichur along with Kuri companies. According to the terms in their memorandum, some of them provided 100 per cent charity and others 75%, 50%, 33% respectively. Social mobility and social status was attained through the charitable works. Charity became a noble act and it gave a mental satisfaction to people. Giving alms to the poor out of the profit, offers peace in life and reward in life after is the belief of people in different religion. Several kuri companies invite people to become members of kuries to participate in their charity.

Kuri companies helped to provide rolling money to all kinds of businesses in Trichur, especially gold ornament business. Bullion market and shops thrived in Trichur for this reason. It had its own special techniques to produce unique shapes and varieties of ornaments with the help of skilled

labours from outside the state. It began to influence the style and fashion of people. People began to exhibit their wealth through wearing gold ornaments.

The directors of Kuri companies were responsible for the beginning of film industry in Trichur. Film industry flourished in Trichur with the inauguration of Jos talkies in the first quarter of the twentieth century. It steered to the emergence of film producers, film actors, and fans of film stars in the twenty first century. Now, new films are produced depicting the colloquial language, culture and life style of the people of Trichur. The people of the locality are celebrating life with their material gain in a festive mode.

In tune with Max Weber, one can see an interesting pattern emerging in Trichur. It was the Syrian Christians, not the Roman Catholics who dominated the domain of Kuri system of financing in Trichur. Max Weber in his series of essays compiled in the book, *The Protestant Ethic and Spirit of Capitalism* opines that religion and belief system had an impact on economic development. His study closely follows the protestant ethics and the spirit of capitalism. The nerve centre of Syrian Christianity is in South and Central Kerala. In the nineteenth and twentieth centuries, Syrian Christians emerged as Kerala's most advanced community. Syrian Christians in Trichur found wealth to be the only human means to remain their originality from the Roman Catholics and secure their self-governance. Another belief among the Syrian Christians is that, wealth was provided to them for giving charity and protection of the needy. The Syrian Catholics were taught and trusted in the system of the early Christian believers wherein they required supporting the needy among them at all costs. This aroused in them an urge to share their prosperity and do works of charity. Both these situations necessitated the Syrian Christians of central Kerala to engage themselves in plantations, commercialisation of agriculture, and trade activities. These brought them immense wealth and they considered it as a blessing from God. The wealth

they earned was used to start kuries and banks in Trichur. These financial institutions affirmed their social and religious standing and the profit gained was used to help the needy. On the whole, these financial institutions resulted in the socio-economic transformation of the area.

Even though there are a few reports of scam from the part of kuri companies in the twenty first century, they were very trust worthy during the period of study. The wide spectrum of investigation of this topic leads us to the question of research on the reasons for a sudden degeneration of the flourishing kuri companies in the late nineteen seventies. Why did a radical change emerge in the functions of the present day kuri companies? Perhaps, kuri companies which were rooted on pillars of trust, mutual help and co-operation, turned away from their values and began to be guided by greed and profit motive. In the evolutionary process of kuri companies, the foremen seemed to get interested in money lending along with kuries. Later, kuri gave way to moneylending sacrificing the initial good intentions of serving population at a critical juncture to augment financial fluidity. The case of cheating was very rare during that period. But today, cheating is a regular phenomenon and kuri companies became blade companies with high rate of interest for loan and foreman of the kuries are engaged in moneylending activities. People of the lower strata of the society suffered a lot due to the high interest for loan and many suicides were reported.

From the study so far it is very evident that from 1891 to 1975, kuri companies have been very stable source of economy to the people in Trichur. But the current century sees the decline of Kuri companies with the Acts of 1975, 1982, Amendment Act of 2002, and 2012. A situation has arisen that unless government eases restrictions kuri companies could not flourish. This definitely will have its impact on the trade, transaction, and other fields gradually. It is no doubt; the Kuri companies played a vital role in the

economic empowerment of Trichur in the second half of the twentieth century. In the social, cultural and economic fields, a gradual transformation and progress is evident in Trichur district. The everyday life of the people of Trichur during the period of study is closely linked with the Kuri companies. These kuri companies have played a major role in developing Trichur city into a major economic hub in Kerala.

BIBLIOGRAPHY

PRIMARY SOURCES

Unpublished Documents and Reports

Political Department Files-file no.17, dispatches from England-date 7th
January to 20th March 1805,

Native Newspaper Reports – 1891 onwards, from *Tamil Nadu State Archives*,
Chennai.

Communication from Col. Munro to Captain Blacker dated 7th December
1815 A.D.,

Cochin Documents, from *Regional Archives-Ernakulam*.

Published Documents and Reports

The Madras Dutch Manuscripts, from *Tamil Nadu State Archives-Chennai*.

The Travancore Chits Act, 1120 M.E. (1945),

Travancore-Archaeological series, from *Kerala State Archives-*
Thiruvananthapuram.

The Cochin Kuries Act VII of 1107 M.E. in the Cochin area (1931-32),

The Cochin Starting of Kuries (Restriction) Act XII of 1120 M.E. (1945),
from *Regional Archives-Ernakulam*.

Newspapers

Mamman Mappila. K.C., “K.C. Mammen Mappillai’s Memoirs,” in *Malayala Manorama*, Weekly, Kottayam, May 6, 1957,(Manorama Archives office-Kottayam).

Mammen Mappillai, K C., “The Travancore National Bank”, *Malayala Manorama* , Weekly, Kottayam, June 3 , 1957 ,(Manorama Archives office -Kottayam).

Interviews

Porinchu. K.V., (Age-78) former Accountant, Our Lady of Dollars Basalica Kuries, Trichur, interviewed on 07-06-2015.

James, E.V., (65), Manager, Our Lady of Dollar’s Basalica Kuri Ltd, Trichur, on 07-06-2015.

Simon. M.J.,(72), the former Chief Manager, Corporate Communications of South Indian Bank, Trichur, on 14-06-2015.

Baby. A.A.,(69), Author of several articles on kuri companies of Trichur, Retired Professor, Department of Economics, St. Thomas’s College, Thrissur, on 12-11-2015.

George, K.P., (65), Manager, Lourdes church kuries, Trichur, on 10-12-2015.

Rosy Antony, (72), Retired Syrian Christian School Teacher, Porathur House, Nellankara, Trichur, on 10-01-2016.

Sosamma K.V., (60), Kallukkaran House, Syrian Christian housewife, Varakkara, on 15-01-2016.

Thomas.C.P., (73), Chirayath house, Document Writer, Nadathara, Trichur, on 11-01-2016.

John.M.A., (70), Former Forman of a kuri company, Mapranathukaran House,
P.O.Varakkara, on 01-05-2016

Prince Thomas, (45), Chirayathu house, Document writer (Adharam
ezhuthukaran), Nadathara, on 01-05-2016

Manjaly Vincent, (70), Owner of Tile Factory, Amballoor, on 01-05-2016.

Johny,E.A.,(65), Managing Director, Kuriland , Trichur, on 14-05-2016.

Jose, C.L., (78), Dramatist, Trichur, former Accountant of Bharathakshemam
Kuries, Trichur, on 14-05-2016.

Mary.P.L., (61), Subscriber of Kuries, Trichur, on 15-05-2016.

Mathew Pudukkattukaran,(89), Retired Asst. General Manager (Credit),
Catholic Syrian Bank, Trichur, on 15-05-2016.

Davis Kannanaikkal,(60), President of All Kerala Foremen's Association,
Trichur, on 20-05-2016.

Chummar .N.C., (65),Founder of Millenium Kuries, Aranattukara, Trichur, on
20-05-2016

Thomas. P.M.,(68), Owner of Manuel Sons Jewellery & Director of
Bharathakshemam kuries Ltd., Trichur, on 20-05-2016.

Abdul Kalam , (35),witness of kurikkalyanam programme, Native of
Malappuram, on 10-10-2016

Baby Devassy, (70), Daughter-in-law of former foreman, Niranathu Mangan
House, Pallissery, on 25-11-2016.

Udhayan.C.,(59), Cheruvathoor House, Arthat, Son of former foreman, on 25-
12-2016.

Shirly, (52), Office Accountant of Manual Son's jewellery & subscriber of kuries, Trichur, on 26-12-2016.

Geetha, (54), Office Accountant of Manual Son's Jewellery & subscriber of kuries, Trichur, on 26-12-2016.

George, A.P., (60), Former President of Foremen's Association, Thrissur, on 01-05-2017

Mar Aphrem Thirumeni, (90), Patriarchal Vicar, Metropolitan of India and U.A.E., Trichur, interviewed on 15-11-2017

Mary Tomsy F.C.C., (70), African Missionary, Kenya on 20-01-2018.

John K.A., (84), Retired Manager of Damian Kuris, Trichur, Kanjirapparamban House, Nellikkunnu, on 13-10-2018.

Jineesh. P. S., (45), Witness of 'Sadiru' in Vadakara, on 15-03-2019.

Autobiographies

Namboothirippad, E.M.S., *Aathmakatha* (autobiography), Trivandrum, Chintha Publications, 2011.

Mathen, C. P., *I have Borne Much*, Madras, Ampthill, 1951(1947).

Arabi-Malayalam Sources

Moulavi, K.M., *Risalatun-fil Bank*, Eriyad, Muhyadheen Press, 1929.

Muhyadheen Kutti Moulavi, K.C., *Swarimul-Bunk-Fee Risalatil-Bank*, Ponnani, Muhkil –Gara-ib Press, 1929.

SECONDARY SOURCES

Books (English)

Adelman, Irma, *Theories of Economic Growth and Development*, London, Oxford University Press, 1962.

Aiya, Nagam, V., *Travancore State Manual*, vol. III, Trivandrum, Travancore Government Press, 1906.

Aiyar, Subbarama, S., *Economic Life in a Malabar Village*, Bangalore, The Bangalore Printing and Publishing Co. Ltd., 1925.

Akong'a, Joshua J., "Drought and Famine Management in Kitui District Kenya", In D. W. Brokensha and Little, P. (eds.) *Anthropology of Development and Change in East Africa*, Boulder, Westview Press, 1988.

Bailey, Jim, *Kenya: The National Epic*, Nairobi, Kenway publications, 1993.

Cameron, R., et al, *Banking in the Early Stages of Industrialization*, New York, Oxford University Press, 1967.

Cameron, R., (ed.) *Banking and Economic Development: Some Lessons of History*, New York, Oxford University press, 1972.

Cherian, P., *Malabar Syrians and the Church Missionary Society*, Kottayam, C M S Press, 1935.

Cox, Sim, E. J., *Primitive Civilizations or Outlines of the History of Ownership in Archaic Communities*, Vol. I, London, Swan Sonnenschein and Co., 1894.

Crowther, Geoffrey, *An Outline Money*, New York, Thomas Nelson and Sons Ltd., 1923.

- ‘*Chit Funds, A Critical Analysis of Legal and Monetary Aspects*’, The Central Bureau of Investigation, New Delhi, 1967.(nd.)
- Das, M.K., and Thomas E.M., *A Southern Odyssey: The Story of South Indian Bank*, Delhi, Darpan-An imprint of prism books Pvt. Ltd., 2014.
- Das, Santosh Kumar, *The Economic History of Ancient India*, New Delhi, Cosmo Publications, 1980.
- Durkheim, Emile, *On Morality and Society*, Chicago and London, The University of Chicago Press, 1973.
- Enthevene, Adolf, J.H., *Accounting and Economic Development Policy*, New York, Americas Elsevier Publishing Company, 1973.
- Evolution of Payment Systems in India, Reserve Bank of India, 12 December 1998, Retrieved 12 January 2015.(nd)
- Ganesh, K.N., “Agrarian Relations in Kerala-An Overview(1100-1600)”, in E.K.G. Nambiar, (ed.), *Agrarian India-Problems and Perspectives*, Calicut, Print Well, Association for Peasant Studies, 1999.
- Gerald ,Meir ,M., and Robert ,Baldwin ,E., “ *Economic Development, Theory, History and Policy*”, Bombay, Asia Publishing House,1964.
- Ghate, Prabhu, *Informal Finance Some Findings From Asia*, Asian Development Bank, Oxford, Oxford University Press, 1992.
- Geist ,Charles, R., *Beggar Thy Neighbour: A History of Usury And Debt*, Pennsylvania , University of Pennsylvania Press, 2013.
- Gottheil, Fred, *Principles of Economics*, USA, Cengage Learning Publishers, 1 January2013, Retrieved on 11 January 2015.

- Gregory, Chris, A., *Savage Money: The Anthropology and Politics of Commodity of Exchange*, India, Harwood Academic Publishers, 1997.
- Kinnon, R. J., *Money and Capital in Economic Development*, USA, Washington Brookings Institution, 1971.
- Krishnan, V., *Indigenous Banking in South India*, Bombay, The Bombay State Co-operative Union, 1959.
- Kunjanpilla, Elamkulam, (ed.), *Kokasandesam*, National Bookstall, Kottayam, 1972.
- Kusuman, K. K., *A History of Trade & Commerce in Travancore, 1600–1805*, New Delhi, Mittal Publications, 1987.
- Lee, Warren, F., “*The Role of Financial Intermediaries in the Activities of Rural Firms And Households*”, USA, The Ohio State University, 1968.
- Logan, William, *Malabar*, Vol. I, Madras, Government of Madras, 1951(1887).
- Logan, William, *Malabar*, Vol. II, New Delhi, Asian Educational Services, 1951.
- Maheswari, S.N., *Banking Theory and Practice*, New Delhi, Kalyani Publishers, 2003.
- Maheswari, S.N., and Paul, R.R., *Banking Theory Law and Practice*, New Delhi, Kalyani Publishers, 2001.
- Malekandathil, Pius, *Maritime India: Trade, Religion and Polity in the Indian Ocean*, New Delhi, Primus Books, 2010.

- Marshall , Alfred, *Principles of Economics*, VIIIth edition, London, Macmillan &co., 1890.
- Mauss, Marcel, *The Gift*, 1924. (London, English edition published by Cohen &west, 1954).
- Max Weber, *Protestant Ethic And Spirit of Capitalism*, Dover edition, United States, Courier Corporation,2003.
- Menon, Achyutha, C., *The Cochin State Manual*, Thiruvananthapuram, Government of Kerala, reprint, 1955.
- Menon, Achutha, C., (ed.), *The Cochin State Manual*, Trivandrum, Kerala Gazetteers' Department, 1995.
- Menon, Padmanabha ,K.P.,. *History of Kerala*, Vol. I, New Delhi, Asian Educational Services, 1982.
- Menon, Sreedhara, A., *A Survey Of Kerala History*, Kottayam, DC Books, January 2007.
- Menon, Sreedhara, A., *Kerala District Gazetteers –Trichur District Gazetteer*, Government of Kerala,1962.
- Menon, Sreedharan , K.A., *Schemes for Starting Chitties Under State Auspices*, Thiruvananthapuram , Government of Kerala, 1967.
- Misra, Indira, *Micro Credit for Macro Impact on Poverty*, United States, National Publishing House, 2003.
- Muraleedharan, D., *Modern Banking: Theory And Practice*, Delhi, PHI Learning Pvt. Ltd., 2014.
- Nayar C.P.S., *Chit Finance: An Explorative Study on the Working of Chit Funds*, Bombay, Vora and Co. Publishers Pvt. Ltd., 1973.

- Nayar C.P.S., *Finance Corporations: A Study of Unregulated Banks*, Madras, IFMR Publication, 1982.
- Nayar, C.P.S., *A study on Non- Banking Financial Intermediaries*, Madras, IFMR, RHJ Publication, 1984.
- Polanyi, Karl, *The Great Transformation*, Boston, Farrar& Rinehart, 1944. (Translation 1957)
- Planning Commission, Government of India, *A Hundred Small Steps*, New Delhi, Vivek Mehra for SAGE publications pvt. Ltd. , 2009.
- Radhakrishnan, S., *Nidhis: An Indigenous Financial Institution*, Madras, IFMR Publications, 1979.
- Radhakrishnan, S., *et al, Chit Funds and Finance Corporations*, Madras, IFMR Publications, 1975.
- Rajendran, G.K., *Rural Credit Market*, New Delhi, Anmol Publication, 1997.
- The Chit Funds Act, 1982, Act No. 40 of 1982, An Act to provide for the regulation of Chit Funds and for matters connected with it, Law Publishers (India) Pvt. Ltd., 1998.(nd)
- Ward and Conner, *Memoirs of the Survey of Travancore and Cochin States* , Vol.1, Thiruvananthapuram-10, State Editor, Kerala Gazatteers, 1994 (1863).
- Ward and Conner, *Memoirs of the Survey of Travancore and Cochin States* , Vol. II, Thiruvananthapuram-10,State Editor, Kerala Gazatteers, 1994(First published:part:1-1901,Part:2-1893).

REPORTS

Report on the Survey of Household Savings and Investments in Kerala 1977-78 by State Planning Board, Trivandrum.

World Development Report, "*Issues in Informal Finance*", Oxford University Press, 1989.

The Report of the Study Group on Non-Banking Financial Intermediaries, Banking Commission, Government of India, 1912.

The Report of the Study Group on Non-Banking Companies under the Chairmanship of James S Raj, 1914.

The Madras Provincial Banking Enquiry Committee Report, Government of India, Vol. 1, 1930.

Report of the Travancore Banking Enquiry Committee, 1930, vol. I, Trivandrum.

Census of India, 1931, vol. XXVIII, Travancore, part I, Report, Trivandrum Government Press, 1932.

Report of the Kuri Committee, Government of Cochin, 1939.

Report of the Travancore Chits Act Committee (1941-43)

Travancore-Cochin Banking Enquiry Committee Report, 1956.

All India Rural Credit Survey Report, 1958.

NCAER, Agricultural Income by States, 1960-61, New Delhi 1963.

Government of Kerala: Land Reforms Survey, 1966-1967, Report, *Bureau of Economics and Statistics*, Thiruvananthapuram, 1967.

Annual Report of KSFE, 1969-1975

State Planning Board Report, 2004.

IBA Bulletin, Special issue, Vol. XXVII No.1 Jan 2005.

Agarwalla, Sobhesh Kumar and Samir K., *et al*, *Chit Fund Participation and Sources of Economic Value*, Field Survey Analysis Report, Ahmedabad, Indian Institute of Management, December 9, 2016.

ACTS

The government of India, the Companies Act, 1956, section 58 A

Kerala Chitties Act, 1975

Non-Banking Financial Companies and Miscellaneous Non-Banking Companies (Advertisement) Rules, 1977.

The Prize Chits and Money Circulation Schemes (Banning) Act, 1978

Central Chit Funds Act 1982

Articles (English)

Adams, Dale W., "Mobilising Household Savings through Rural Financial Markets", *Economic Development and Cultural Change*, Vol. XXVI, No.3, 1978.

Arnaldo, Mauri, "A Policy to Mobilise Rural Savings in Developing Countries", *Savings And Development*, No. 1, 1977.

Bascom, W.R., "The Esusu: A Credit Institution of the Yorubu", *The Journal of the Royal Anthropological Institute*, 94, (part2) 1952.

Bagozzi, Richard P., "Social exchange in marketing", *Journal of the Academy of Marketing Science*, Vol. III, No. 4, SAGE Publications, 1975.

- Bagozzi, Richard P., “Marketing as an organized behavioural system of exchange”, *Journal of Marketing*, SAGE publications, 1974.
- Belk , Russel, W. , “Gift-Giving behaviour”, in Sheth, J(ed.) *Research in Marketing*, vol.2, Greenwich, JAI press, 1979.
- Bouman. F.J.A., “Indigenous Savings and Credit Societies in the Developing World: A Message”, *Savings and Development*, No. 4, 1977.
- Bouman, F.J.A., “The ROSCA: Financial Technology of an informal Savings and Credit Institution in Developing Economies”, *Savings and Development*, 3 (4), 1979.
- Dawson, Paul. A., Paul.A.Dawson, “Historicising craft in the teaching of Fiction”, *The International Journal for the practice and Theory of creative writing*, pp.211-224, in <http://www.academia.edu> retrieved on 30/04/2018.
- Devika, K.C., et al., “Emerging paradigms for development planning: A case of Thrissur”, the cultural capital of Kerala”, *Procedia Technology*, 24, 2016.
- Guha , Samapti, and Guha , Gautham, “Microcredit for Income Generation: The Role of ROSCA”, *Economic and Political weekly*, 2005.
- Gurley and Shaw, “Financial Structure and Economic Development”, *Economic Development and Cultural Change*, Vol.15, No. 3,1967.
- Patrick, Hugh, T., “Financial Development and Economic Growth in Underdeveloped Countries”, in *Economic Development and Cultural Change*, Vol. XIV, No.2, University of Chicago Press Journals, Jan.1966.

- Krishnamurthy, A., "Corporate Chits: A New Dimension", Seminar paper published, National Workshop on Management of Chit Funds, Chennai, November 14, 1997.
- Mohandas, M., "Economic Implications of the Central Chit Funds Act, 1982: An Appraisal", *Prajnan*, Vol. xv, No. I, NIBM, Pune, 1988.
- Nandy, Ashis, "Time Warps: Silent and Evasive Pasts in Indian Politics and Religion". *Hurst*, 1 January 2002, ISBN 978-1-85065-479-7., Retrieved 28 August 2016.
- Nair, Tara, S., "The Transforming world of Indian Micro Finance", *Economic and Political Weekly*, April, 2005.
- Nayar, C.P.S., "Can a Traditional Finance Technology Co-exist with Modern Financial Technologies: The Indian Experience", *Savings and Development*, Fin Africa, Quarterly Review, No. I, 1986.
- Oommen, M.A., "Rise and Growth of Banking in Kerala", *Social Scientist*, Vol.5, No.3, Oct.1976.
- Prakash, Alvin, B., "Private Financing Firms in Kerala: A Study", *Economic and Political Weekly*, XIX, No.50, December -15, 1984.
- Rajaraman, Indira, "*The Role of ROSCAs*", Seminar on Economic Liberalisation and Chit Funds, Delhi Chit Funds Association, New Delhi, Chamber of Commerce and Industry, April, 1995.
- Radhakrishnan, S., "*Chit Fund: A Poor Man's Credit Institution*". Seminar on Economic Liberalisation and Chit Fund, Delhi Chit Funds Association, Chamber of Commerce and Industry, New Delhi, April, 1995.

- Ruindjo, Leonard Tc, “The Evolution of An Informal Financial Institution: The Rotating Savings and Credit Associations in Cameroon”, *African Review of Money Finance and Banking*, 1999.(nd.)
- Schieffelin, Edward, “Reciprocity and construction of reality”, *Man*, Vol. XV, No.3, September 1980.
- Singh, Anjana, *Fort Cochin in Kerala, 1750-1830: The Social Condition of a Dutch Community in an Indian Milieu*. BRILL, 30 April 2010, pp. 86, 149, 158., Retrieved 28 August 2012.
- Thingalaya, N.K ., “Banks in the South: Past, Present and Their Future”, *NITTE Management Review*, 2009.(nd)

Unpublished Thesis

- Abdulla. V., *The Role of Informal Sector in Rural Financial System with Special Reference to Panappayattu*, M. Phil Dissertation, University of Kerala, Thiruvananthapuram, 2001.
- Dominic, Binu, *Urban Informal Credit Markets: Structure, Dynamics and Intermediation*, Ph. D Dissertation; Mahatma Gandhi University, Kottayam, 2000.
- Itoop, M.L., “*Economic Significance of Chit Funds in Kerala*”, M Phil Dissertation, M. Phil. Dissertation, Cochin University of Science and Technology, Cochin, 1992.
- Job, Sallyamma, “*A study of Chit Finance in Kerala with special emphasis on Kerala State Financial Enterprises Ltd.*”, Ph. D thesis, Cochin University of Science and Technology, Cochin, 2003.

Joseph, M.A., “*Chit Schemes: Relevance and Scope as Savings/Investment Alternatives*”, M. Phil. Dissertation, Cochin University of Science and Technology, Cochin, 1992.

Krishnan ,Navaneeth,S., *Rivers, Networks of Trade and Faith in Pre Modern Kerala*, M. Phil dissertation submitted in Jawaharlal Nehru University, Delhi, 1996.

Rahiman ,Habeebu, P.M., *The role of Kerala state financial enterprises limited in the economic development of Kerala with special reference to Malabar region*, Ph. D Thesis, University of Calicut, 2006.

Ramzan, Shaheed, C. P., *The Impact of Indigenous Financing Systems on the Society: A Case Study of Kurikalyanam in Malabar*, Unpublished Ph.D Thesis, University of Calicut, 2008.

Varghese, P.P., *Role of Chit Funds in mobilising small savings and financing economic development in Kerala with special reference to Trichur District*, Ph. D Thesis, University of Calicut, 1976.

Minor Research Project

Shiney , C.N., *Chit Funds; An Alternative Source To Loan - A Comparative Study Of Chit Funds With Consumer Loans In Kerala* , Minor Research Project, , MES Asmabi College, P. Vemballur, Kodungallur, Thrissur Dist., Kerala.

Contemporary news papers

Balasubramania V., “The Thriving Chit Fund Business in the South”, *The Economic Times*, Mumbai, May, 2002, retrieved on July14, 2016.

Saritha Varma. M., “Nap on HDI scores may land Kerala in an Equilibrium trap”, *The Financial Express*, December 01, 2005, retrieved on July14, 2016.

Staff Reporter, “People’s convention calls for merger of Lord Krishna Bank with a Public Sector Bank”, *The Hindu*, Chennai, September 10, 2006, retrieved on July14, 2016.

Staff Reporter, “RBI Approves merger of Lord Krishna Bank with Centurion Bank”, *India times*, New York, August 28,2007, retrieved on July14, 2016.

Staff Reporter, “Cities best to earn a living are not the best to live” ,*The Economic Times*, New Delhi, November 26,2007, retrieved on July14, 2016.

Shailesh Menon, “Chit Funds Caught in a Cleft Stick”, *Economic Times*, October 25, 2008, Mumbai , retrieved on July14, 2016.

Staff Reporter, “South Indian Bank sees sunshine in slowdown”, *The Economic Times*, March 4, 2009, retrieved on July14, 2016.

Antony, M.K., “Chit fund Companies on the rise in Kerala’, *The Economic Times*, September 07, 2009, Retrieved on July14, 2016.

Staff Reporter, “Banking/Finance”, *The Economic Times*,4 March 2009, Retrieved on July14, 2015, retrieved on July14, 2016.

Staff Reporter, “Chit funds in India- One for the kitty”, *The Economic Times*, Chengalpattu, November 02, 2012, retrieved on July14, 2016.

Ramesh Babu, “Kerala shows the way in clean chit fund biz”, *Hindusthan Times*, May 09, 2013, retrieved on July14, 2016.

Staff Reporter, “Threat of Chit funds shutting shop”, *The Hindu*, Kochi, May 15, 2013, retrieved on July14, 2016.

Staff Reporter, “Sakthan Thampuran was a crusader for commoner”, *The Hindu*, June 07, 2013, retrieved on July14, 2016.

Staff Reporter, “Illegal chit fund firms thrive as official Laxity continues”, *Times of India*, Kozhikode, July 11, 2013, retrieved on December 24, 2016.

Pramod Thomas, “Chit fund substitutions on the rise for fast capital”, *The New Indian Express*, Kochi, August 27, 2016, retrieved on December 24, 2016.

Special correspondent, “Chit business hit across south India”, *The Hindu*, Thiruvananthapuram, November 26, 2016, retrieved on December 24, 2016.

Shenoy Karun, “Thrissur, India’s chit fund capital”, *The Times of India*, Kochi, December 08, 2016, retrieved on December 24, 2016.

Staff Reporter, “Vikasana kuthippinu karuthekan pravasi chittiyumayi KSFE”, *Thrissivaperur Express*, Thrissur, Thrissur Jilla Vikasana pathippu, November 10, 2017.

Staff Reporter, “Chit fund business thriving in Andhra Pradesh”, *Deccan Chronicle*, Andhra Pradesh, February 10, 2018, retrieved on May 01, 2018.

K.P.S., “Surakshithamakatte Chittikal”, *Malayala Manorama*, Trichur, August 14, 2018.

Arindam Goswami, “Chit Fund Industry: Excellent tool to promote financial inclusion”, *The Financial Express*, December 8, 2016, retrieved on May 01, 2018.

Books (Malayalam)

Balakrishnan, V., *Syrian Christianikalude Charithram*, Poonkunnam, Trichur, Published by Indira Balakrishnan, 2001.

Bhaskaranunni, P., *Pathonpatham Noottandile Keralam*, Trichur, Kerala Sahithya Akademy, 1988.

George, Sheeba, and Kumar, Manoj P.S., (eds.), *Vidyalaya Charithranveshanam*, Thrissur, Thrissur Jilla Panchayath, vol. I, 2007.

Jos, C.L., *Thee pidicha Atmavu*, Trichur, published by the author, 1963.

Joseph, Sarah, *Alahayude Penmakkal*, Thrissur, Current Books, 1999.

Joseph, Kuravilangad, *Chully*, Cochin, Prathiba publications, 1977.

Kareem, K.K., Muhemmed Abdul, *K.M. Moulavi Sahib*, Tirurangadi, Al-kithib publications, 1985.

Kattakkada, Murukan, *Kannadaka Venam*, Karmmayodha album, 2012.(nd.)

Mookkan, Baby, “Madhyakeralathile Sampathikamekhalaye Swadeenikkunna Chittyvyavasayam”, in *Christian Folklore*, M.V. Vishnu Namboothiri (gen.ed.), Vol.1, Kannur, Kerala Folklore Academy, November 2004.

Menon, Puthezhathu Raman, *Thrissur-Trichur*, Madras, Silpi publications, 1974.

Menon, Puthezhathu Raman, *Sakthan Thampuran*, Kozhikode, Mathrubhumi, vol. III, 1989.

- Menon, Sreedhara ,A., *Kerala Charitram*, Kottayam, DC Books, 1967.
- Pudukkattukaran Mathew, *Dharmmodhayam Campaniyude Bahumanya Membermarku*, Trichur, Published by the Author, 2011.
- Sivadas, K.K., *Thrissurpooram: Pakittum Polimayum*, Thrissur, Current books, 2010.
- Sivasankara Pillai, Thakazhi, *Thakazhi Sampooranakathakal*, vol.I, P.Venugopalan (ed.) Thrissur, Green books, 2015.
- Sivasankara Pillai, Thakazhi, *Thakazhi Sampooranakathakal*, vol.III, P.Venugopalan (ed.) Thrissur , Green books, 2015.
- Venugopalan.T.R., *Sampathum Adhikaravum: Thrissurilninnulla Oru Kazcha*, Thrissur, Current Books, 2012.

Souvenirs and special issues

- Golden Jubilee Souvenir of Dharmmodayam Company Trichur*, Trichur, 1972.
- Golden Jubilee Souvenir of South Indian Bank*, Trichur, 1980.
- Golden Jubilee Souvenir of Dhanalakshmi Bank*, Trichur, 1977.
- Golden Jubilee Souvenir of Trichur Nagarasabha*, Trichur, 2006.
- Navathi Souvenir of Catholic Syrian Bank*, Trichur, 2010.
- Navathi Souvenir, Dharmmodayam Company Trichur*, Trichur, 2010.
- Samskarika Charithrarekha*, Trichur, Trichur Corporation,2006.
- Silver Jubilee Souvenir*, Trichur, Dharmmodayam Company Trichur, 1946.

Silver Jubilee Souvenir of The Kshemavilasam Banking Company Ltd., Trichur, 1954.

Souvenir of Public Library, Trichur, 2002.

Rajagopalan.C.R.,(chief ed.), *Piravi 2006, Keralapiravi 50th Anniversary Souvenir*, Trichur, 2006.

Mani Pius, (ed.), *Thanal*, Bharathakshemam Nalpatham varsha Smaranika, Bharathakshemam Trichur, 2005,

Mani Pius,(ed.), *Kuriland Thrissur 30 varsha smaranika-Thrissrcharithram: Nerkazhchakal*, Trichur, 2014.

Tertiary Sources

www.townplanning.kerala.gov.in>thrissur (*District Spatial Plan*, Thrissur. pmd- Kerala Town Planning , Chapter 8, p.115.) Retrieved on 24-12-2017.

rajanvenkateswaran.blogspot.com (Rajan Venkateswaran, ‘Payattu or Kurikkalyanam, January 26, 2008) Retrieved on 24-12-2017.

<https://www.business-standard.com.>, Retrieved on 26-12-2017.

[https://www.academia.edu.](https://www.academia.edu/)(Sasikumar, *Panapayattu as Money Gift: Understanding a Complex Gift Practice in South Asia*), Retrieved on 26-12-2017.

[https://www.academia.edu.](https://www.academia.edu/)(Das and Das, *Das ordinary ethics*, 2010), Retrieved on 26-12-2017.

<http://ksfe.com/2017/10/26/chitty/>; www.ksfe.com, Retrieved on 30-12-2018.

<https://globalindex.worldbank.org/> Retrieved on 30-12-2018.

Bolswa97.tripod.com/cheni.htm. (Chieni,Susan Njeri, *The harambee movement in Kenya the role played by Kenyans and the government in the provision of education and other social services*, Tripod, 1997)
Retrieved on 02-01-2019.

Thekudumbasreestory.info/index.php/what's-kudumbasree/.../thrift-and-credit, 02-01-2019.

FILMS

Pattabhishekam, Malayalam film, Directed by Anil Babu, 1999.

APPENDIX I

QUESTIONNAIRE FOR THE SURVEY AMONG THE PARTICIPANTS OF PANAPPAYATTU

(Put '✓' mark against your responses)

1. Name and address of the Participant of Panappayattu :
.....
.....
.....
2. Are you a Participant of Panappayattu : Yes/No
3. Age Group : Above 70/ Below 70
4. Purpose of your participation in Panappayattu : To conduct marriage
: To construct house
: To start business
: To buy a land
5. Whether you have conducted Panappayattu in any time : Yes/ No
6. Do you think this is a good system to pool common fund :Yes/ No
7. Any suggestions :

Signature:

APPENDIX II

QUESTIONNAIRE FOR SWOC ANALYSIS

KERALA STATE FINANCIAL ENTERPRISES LIMITED(KSFE) TRICHUR

Name and address of the respondent: _____

Put '✓' mark according to your scoring for each response.

Score indicates – 1=not so good, 2=satisfactory, 3=good,4=very good,5=excellent.

A. STRENGTH OF KSFE	1	2	3	4	5
Safety and security					
Transparency and openness					
Branches in all over Kerala					
Chitty loans					
Chits of big sala					
Chits of different durations					
Proper security for receiving auction amount					
Innovative programmes and projects					
Socialisation role, proper repayment system of loans					
Employment opportunities					
Revenue to the state government					
B. WEAKNESS OF KSFE					
Demand of high security for receiving auction amount and loan					
Delay in taking decision at the crucial need of a subscriber					

Absence of prize chit, lack of proper customer care,					
Lack of professional skill, high rate of interest for loans					
Harsh dealings towards defaulters					
Absence of door to door collection					
Lack of daily kuries, lack of technological support					
High default rate					
High cost of running					
C. OPPORTUNITIES OF KSFE					
Exemption from Kerala Chitties Act of 1975					
High security of 2 salaried persons or guarantee of property for loan					
Repayment of loan through confiscation of property or seize salary					
Chit scams in private informal sector					
Malpractices of the foreman of private unregistered chits					
Low interest for deposits					
High interest for loans					
D. CHALLENGES FACED BY KSFE					
Quick payment of loans in private sector					
Swift delivery of auction amount in the informal sector					
Competition from private sector through prize chit					
Door to door collection by rival groups					
Attractive incentives to the subscribers like veethapalisa					
Very low administrative cost in private sector					

Signature:

APPENDIX III

**QUESTIONNAIRE FOR THE SURVEY AMONG THE SUBSCRIBERS
OF KURIES**

(Put ‘✓’ mark against your selected response)

1. Name and address of the Subscriber :
2. Whether your house belongs to : Urban area Rural area
3. Whether your Kuri Company belongs to : Informal sector Formal sector
4. Your motivations in joining chit funds : Saving/ Borrowing/Saving and borrowing
5. Your intention in borrowing loans : Insurance & Repayment flexibility
Discount allowed in Bids
Effective interest rate
6. Advantages of using chits as a borrowing instrument : Flexibility to bid
Lower effective rate
Greater transparency
Less Formalities and security requirements
7. Your suggestions to improve kuries :

Signature:

APPENDIX IV
QUESTIONNAIRE FOR CONDUCTING INTERVIEW

1. Name of the Respondent :
2. Age of the Respondent :
3. Designation of the Respondent :
4. Are You a subscriber of Kuries :
5. Whether your subscription belongs to
private /public sector :
6. Do you have a Savings account in the
bank :
7. What is your purpose in joining a kuri :
8. How did the kuri companies help you
to save money :
9. Is it easier to borrow loan from kuri
company than banks :
10. Do you know any co-operative sector
kuri companies :
11. Whether public sector or private
sector kuri is safe :
12. Are you aware of any Acts passed to
control kuri companies :
13. What is your opinion about the kuri
foreman of Trichur :
14. Any suggestions for the betterment of
kuri business in Trichur :
15. Any suggestions for starting
innovative programmes in kuri
business :

Signature

APPENDICES